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**A STUDY OF
THE INCREASE IN FSP PARTICIPATION
BETWEEN 1989 AND 1990**

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EXECUTIVE SUMMARY

The number of food stamp recipients began to increase dramatically in the third quarter of fiscal year 1989 (FY89.3). Between FY89.2 and FY90.2, participation in the Food Stamp Program (FSP) increased by over 1 million persons, and in March 1990 reached 20 million for the first time since 1985. Since then, FSP participation has continued to rise at an even faster rate: between FY90.2 and FY91.2 FSP participation increased by over 2 million persons. In March 1991, FSP participation reached over 22.5 million. The increase in FSP participation was widespread: all 50 states and the District of Columbia experienced an increase in FSP participation between FY89.2 and FY91.2. But the size and timing of the increase varied considerably by state. Four states--Texas, California, Florida, and New York--accounted for over half of the increase in FSP participation between FY89.2 and FY90.2 and nearly one third of the increase in FSP participation between FY90.2 and FY91.2. Some states have experienced a steady increase in FSP participation since FY87, while other states experienced an upturn in FSP participation only after the beginning of FY90.

*upturn
upturn*

Neither the increase in FSP participation between FY89.2 and FY90.2 nor the increase between FY90.2 and FY91.2 was unprecedented: between FY79.1 and FY80.1, participation increased by about 4 million persons. Nor is the current level of FSP participation unprecedented: FSP participation also exceeded 22 million in April 1983. The remarkable feature of the increase in FSP participation since FY89.2 is that, unlike previous increases in participation, it began at a time when neither an increasing unemployment rate nor major changes in the program could account for the increase. It is important to remember that throughout FY89 and the first three quarters of FY90 the U.S. economy remained strong, at least as measured by the national unemployment rate. However, the increase in FSP participation since FY90.2 has occurred during a period of rising unemployment.

Reflecting its concern about the growth of the FSP, Congress asked the U.S. Department of Agriculture, Food and Nutrition Service (FNS), to study the causes of the increases in FSP participation. In July 1990, FNS submitted a report to Congress that discussed the possible causes of the increase in FSP participation and presented some preliminary findings about the causes of the increase (Corson and McConnell, 1990). Since that time, the authors have collected more up-to-date state- and household-level data, conducted a more in-depth analysis of those data, and surveyed state and county FSP administrators and state administrators of other assistance programs. This report presents the findings from these further research and data collection activities. In order to use as many data sources as possible, the report focuses on the increase in FSP participation between FY89 and FY90.

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CAUSES OF THE INCREASE IN FSP PARTICIPATION

The reasons for the increase in FSP participation between FY89 and FY90 differed among the states. Some factors were important only in one or two states. Even factors that were important in many states, such as changes in the Medicaid program, affected FSP participation at different times in different states.

The states can be disaggregated into three groups according to the causes of their increases in FSP participation:

1. States in which changes in the economy played only a minor role in the increase in FSP participation. Texas, California, and Arizona are in this group.
2. States in which changes in the economy can account for a significant proportion of the increase in FSP participation but in which factors unrelated to the state of the economy also played an important role. Florida, New York, and Michigan are in this group.
3. States in which an increase in unemployment and other changes in the economy were the major reasons for the increase in FSP participation. New Jersey and Massachusetts are in this group.

In some states, changes in the economy--an increase in unemployment and an increase in the number of working poor--can explain most of the increase in FSP participation. In states in which other factors unrelated to the state of the economy were important, the increase was generally caused by more than one factor. The most important of these other factors was an increase in the number of Medicaid recipients. Additional factors that contributed to the increase in FSP participation in some states include: improved access to the FSP, the Stewart B. McKinney Homeless Assistance Act of 1987, population growth, and immigration reform.

Changes in the Economy

An increase in unemployment and other changes in the economy were probably the single major cause of the increase in FSP participation in most of the Middle Atlantic and New England states. In the East North Central states, changes in the economy also made a major contribution to the increase in FSP participation. Because the rise in unemployment in these states was offset by a decline in unemployment in other states, there was no significant increase in the national unemployment rate between FY89.2 and FY90.2. Our estimates suggest that an increase in unemployment explains over half of the increase in FSP participation in New England, Middle Atlantic, and East North Central states. But the increase in aggregate unemployment can account for less than 10 percent of the total increase in FSP participation in the United States. An increase in the number of non-working households that joined the FSP was matched by a similar increase in the number of low-earnings households that joined the FSP. This suggests that an increase in the number of working poor contributed to the increase in FSP participation by about as much as the increase in unemployment. Rising food and housing costs exacerbated the effects of low wages.

Changes in the Medicaid Program

As much as one-quarter of the increase in FSP participation was due to changes in the Medicaid program. These changes entailed raising the income eligibility threshold for pregnant women, infants, and children, introducing outreach programs, and streamlining Medicaid application procedures. These changes brought more people onto the Medicaid program and encouraged Medicaid recipients to join the FSP. Medicaid program changes had a large impact on FSP participation in some Western and North Central states and in Texas and Florida, but had only a small impact on FSP participation in New England.

Other Factors that Contributed to the Increase

Factors other than changes in the economy and changes in the Medicaid program contributed to the increase in FSP participation in some states. In 1989, Texas changed the operation of its FSP in several ways to improve the accessibility of the program and to increase the number of eligible persons who choose to participate in the program. The Homeless Assistance Act authorized some changes in the operation of the FSP to encourage homeless persons to apply for food stamps. It also changed the definition of the FSP household in a way that increased the number of households that were eligible to participate in the program and required states to provide expedited service, in which food stamps are provided within five business days of application, to a broader range of households. There is evidence that these changes resulted in an increase in FSP participation: FSP administrators in Florida and several other states reported an increase in the number of homeless persons participating in the FSP. The proportion of households applying for food stamps who received expedited service rose from 20 percent in FY87 to 30 percent in FY90. High population growth added to the increase in FSP participation in Florida and Arizona. And in California and some other states, primarily in the West and South, an increase in the number of legalized immigrants under the Immigration Reform and Control Act of 1986 may have contributed to the increase in FSP participation.

Factors Believed to be Unimportant

Our analysis suggests that some factors that were previously considered possible causes of the FSP participation increase did *not* have an important impact on FSP participation. Neither the introduction of the Job Opportunities and Basic Skills Training program (JOBS) nor the introduction of the Aid to Families with Dependent Children-Unemployed Parents (AFDC-UP) program significantly increased AFDC or FSP participation between FY89 and FY90. The increase in participation in the Special Supplemental Food Program for Women, Infants, and Children (WIC) program had only a minor impact, if any, on FSP participation. Changes in the FSP other than the introduction of expedited service and the change in the definition of the FSP household, had only a minor impact on FSP participation. We have no evidence that attitudes toward receiving welfare changed over the past few years.

SUMMARY

No one factor caused the increase in FSP participation between FY89 and FY90. And different factors caused the increase in FSP participation in different states. But two factors--changes in the economy and changes in the Medicaid program--accounted for a large proportion of the total increase. Other factors that contributed to the increase in some states include population growth, immigration legislation, the Homeless Assistance Act, and improved accessibility to the FSP.

Between FY90.2 and FY91.2, all states experienced an increase in FSP participation and the increase in FSP participation nationwide exceeded 2 million persons. Our estimates suggest that less than half of the increase in FSP participation between FY90.2 and FY91.2 was a result of an increase in unemployment. This suggests that some of the factors that caused the increase in FSP participation between FY89 and FY90 are still playing a role in causing the more recent increase in FSP participation.

I. INTRODUCTION

The number of food stamp recipients began to increase dramatically in the third quarter of fiscal year 1989 (FY89.3). Between FY89.2 and FY90.2, participation in the Food Stamp Program (FSP) increased by over 1 million persons, and in March 1990 reached 20 million for the first time since 1985. Since then, FSP participation has continued to rise at an even faster rate: between FY90.2 and FY91.2, FSP participation increased by over 2 million persons. In March 1991, FSP participation reached over 22.5 million. The increase in FSP participation was widespread: all 50 states and the District of Columbia experienced an increase in FSP participation between FY89.2 and FY91.2. But the size and timing of the increase varied considerably by state. Four states--Texas, California, Florida, and New York--accounted for over half of the increase in FSP participation between FY89.2 and FY90.2 and nearly one third of the increase in FSP participation between FY90.2 and FY91.2. Some states have experienced a steady increase in FSP participation since FY87, while other states experienced an upturn in FSP participation only after the beginning of FY90.

Neither the size of the increase in FSP participation between FY89.2 and FY90.2 nor the size of the increase between FY90.2 and FY91.2 was unprecedented: between FY79.1 and FY80.1, participation increased by about 4 million persons. Nor is the current level of FSP participation unprecedented: FSP participation also exceeded 22 million in April 1983. The remarkable feature of the increase in FSP participation since FY89.2 is that, unlike previous increases in participation, it began at a time when neither an increasing unemployment rate nor major changes in the program could account for the increase. It is important to remember that throughout FY89 and the first three quarters of FY90 the U.S. economy remained strong, at least as measured by the national unemployment rate. In contrast, the increase in FSP participation since FY90.3 is associated with a rise in unemployment and a downturn in the economy.

In response to its concerns about the growth of the FSP, Congress asked the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS), to study the causes of increases in FSP participation. In July 1990, FNS submitted a report to Congress that discussed the possible causes of the increase in FSP participation between FY89.2 and FY90.2 and presented the findings from a preliminary analysis of available data about the increase (Corson and McConnell, 1990). Since that time, the authors have collected more up-to-date state- and household-level data, conducted a more in-depth analysis of those data, and surveyed the administrators of the FSP and other assistance programs. This report integrates the findings from these further research and data collection activities with the findings from the earlier research to present a fuller picture of our understanding of the increase in FSP participation.¹

This report focuses on the increase in FSP participation that occurred between FY89.2 and FY90.2. It focuses on the earlier period of the increase in FSP participation for two reasons. First, because the more recent increase in FSP participation began less than a year ago, there are not sufficient data to study its causes. To date, household-level data on food stamp participants are only available up to FY90.2. Similarly, the interviews with the administrators of the FSP and other assistance programs occurred in the early fall of 1990 and centered on the increase in FSP participation that occurred between FY89 and FY90. Second, the increase in FSP participation between FY89 and FY90 occurred when the economy was strong and so cannot be explained by an increase in the number of unemployed persons--a traditional explanation for a rise in FSP participation. In contrast, the more recent increase in FSP participation began in FY90.3 at the start of a slowdown in the economy.

¹It is outside of the scope of this study to determine the impact of the increase in FSP participation on the states' administration of the FSP.

A. RESEARCH METHODOLOGIES

We used three complementary research methodologies to investigate the increase in FSP participation: (1) an analysis of state-level data on both FSP participation and some quantifiable explanatory variables, (2) an analysis of data on households that participated in the FSP, and (3) a survey of state and county administrators of the FSP and state administrators of other assistance programs. This section provides an overview of these research methodologies.

1. Analysis of State-Level Data

Because the size and timing of the increase in FSP participation varied by state, it is important that the pattern and causes of the increase in FSP participation be examined at the state level rather than at the national level. For this reason, we collected quarterly state-level data for the period FY82.3 to FY90.4 on FSP participation and on explanatory variables, including the number of unemployed, the number of newly legalized immigrants, and the number of recipients of Medicaid, Aid to Families with Dependent Children (AFDC), and Special Supplemental Food Program for Women, Infants, and Children (WIC) benefits. We used these data to identify associations between the timing and size of the increases in FSP participation and changes in these explanatory variables.

To estimate the relationship between FSP participation and the explanatory variables, we used the state-level data to estimate regression models of FSP participation. (Appendix A provides details of our estimation techniques and the results of the estimation.) In an attempt to quantify the impact of each explanatory variable on FSP participation, we used the estimates from the regression models to simulate the effect on FSP participation of the actual changes in the explanatory variables between FY89.2 and FY90.2.

The results of the regressions should be interpreted cautiously, for at least four reasons:

1. Some potentially important determinants of changes in the FSP participation (such as changes in accessibility to the FSP or changes in the number of low-wage jobs) are difficult to quantify and are thus omitted from the models.
2. Many of the explanatory variables in the model of FSP participation (such as participation in other assistance programs) may change as a *result of* changes in FSP participation, rather than changing independently.
3. We have only the projected, not the actual, number of Medicaid recipients for FY90. We suspect that these projections underestimate the increase in the actual number of Medicaid recipients between FY89 and FY90.²
4. We assume that the relationship between each variable and FSP participation is the same in all states. This may not be the case if, for example, the link between the FSP and other assistance programs varies by state.

Each of these problems may bias the estimates of the relationship between FSP participation and the explanatory variables. Hence, an estimate should not be interpreted as an accurate measure of the impact of a variable on FSP participation, but rather as the approximate midpoint of a range of estimates. However, this exercise does provide "ballpark" estimates of the role of each factor in the increase in FSP participation, and indicates the relative importance of each factor in each state.

2. Analysis of Household-Level Data

We used data on FSP-participating households to address two questions:

1. Did FSP participation increase because the number of households that entered the FSP increased or because the number of households that left the program declined?
2. Do the characteristics of the households that entered the FSP after the start of the increase in FSP participation differ from the characteristics of those households that entered the FSP before the start of the increase?

²Medicaid administrators in some states told us that the number of Medicaid recipients had risen in their state between FY89 and FY90, whereas the projections show a decline over this period.

The answers to these questions shed light on the causes of the increase in FSP participation.

Data on FSP-participating households are available from the Food Stamp Quality Control (QC) databases. The QC databases are compiled from a national sample of food stamp cases selected each month. The unit of observation is the FSP household. The full-year sample of all households contains approximately 70,000 observations.

To examine whether the characteristics of households that entered the FSP changed before and after the start of the increase in FSP participation, we selected a subsample of households that were newly certified in the month in which they were sampled. For this analysis, we only examined FY87 through FY90, because in most states the increase in participation did not begin until after FY87. Our sample includes only the first two quarters of each of the four fiscal years, because we have data only for the first two quarters of FY90, and a comparison of four quarters of data from an earlier year with two quarters of data from FY90 could be misleading due to seasonal patterns in the number and type of households entering the FSP. Each of these half-year subsamples contains approximately 1,500 observations.

3. Survey of the Administrators of the FSP and Other Assistance Programs

To supplement the information available from the state- and household-level data files, we also conducted a telephone survey of administrators of the FSP and other assistance programs in 15 states. We spoke with state and county FSP administrators, state administrators of the WIC, AFDC, and Medicaid programs, and directors of advocacy groups for low-income persons. Our discussions with the program administrators yielded insights into the causes of the increase in FSP participation, as well as information on factors that are difficult to quantify, such as changes in program operations. The administrators also provided us with some more up-to-date statistics and statistics at the county-level.

The survey requested the following information from state and county FSP directors:

- What factors did they believe caused the changes in the FSP caseload between FY89 and FY90 in their state?
- Had the increase in the caseload been concentrated in certain regions of the state?
- Had changes in the size of the food stamp caseload been caused primarily by changes in the number of newly certified cases or by changes in the duration of spells of receipt?
- Had the characteristics of applicants to the FSP changed?
- Had changes been made to program operations (such as outreach efforts) that may have contributed to the increase?

The directors of advocacy groups were asked similar questions. The survey asked the directors of the WIC, AFDC, and Medicaid programs about (1) recent trends in program caseloads, (2) the factors that had led to changes in the caseload, and (3) the links between participation in their program and participation in the FSP. Appendix B provides more details of the survey and the interview protocols.

The surveyed states were: Arizona, California, Florida, Georgia, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oregon, Texas, and Wisconsin.

This set of states was chosen because it includes:

- States that experienced a large absolute increase in FSP participation between FY89 and FY90
- States that experienced different time-patterns of FSP participation between FY87 and FY90
- States from each broad geographical region of the United States
- States whose food stamp caseloads contained over 200,000 persons and thus accounted for significant proportions of the total food stamp caseload

B. OUTLINE OF REPORT

Chapter II of this report describes some important characteristics of the increase in FSP participation between FY89 and FY90. In Chapter III, we discuss several hypotheses about the causes of the increase in FSP participation and present empirical evidence on each hypothesis. Because the causes of the increase in FSP participation seem to vary by state, Chapter IV discusses in detail the possible causes of the increase in FSP participation in eight states which experienced large increases in FSP participation. Chapter V summarizes our conclusions about the increase in FSP participation. In each chapter, our discussion is based on findings from each of our three research methodologies.

II. CHARACTERISTICS OF THE INCREASE IN FSP PARTICIPATION

In this chapter we describe some characteristics of the increase in FSP participation between FY89 and FY90.

A. NATIONAL TRENDS IN FSP PARTICIPATION

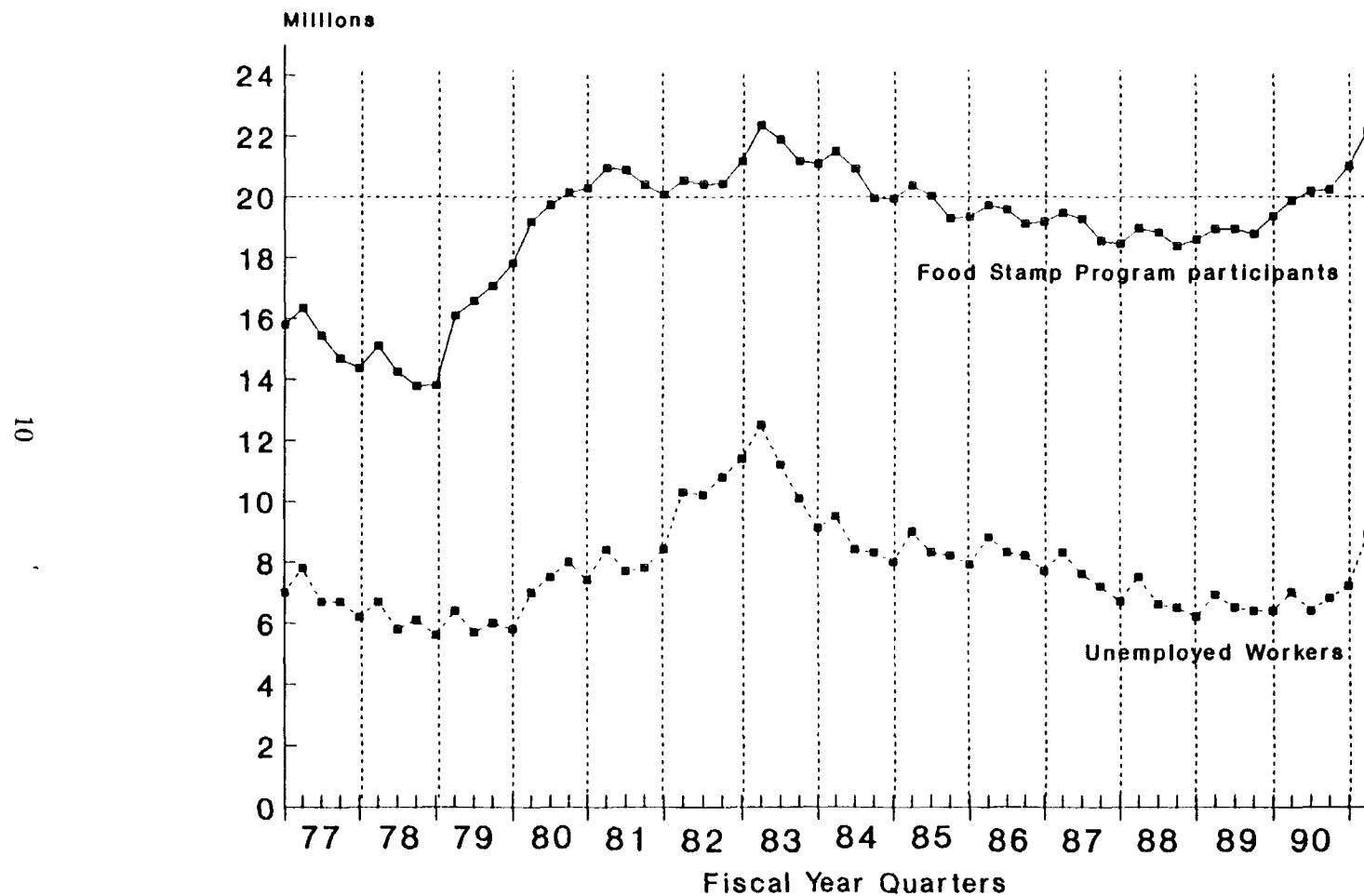
To place the increase in FSP participation in historical perspective, Figure II.1 shows the level of FSP participation and the number of unemployed workers between FY77.1 and FY91.2. We can identify two periods of FSP participation growth before FY89:

- FY79.1 to FY81.2. This increase was associated with the elimination of the food stamp purchase requirement authorized by the 1977 Food Stamp Act and an increase in the number of unemployed workers.
- FY82.4 to FY83.2. This increase was associated with a large increase in the number of unemployed workers.

The increase in FSP participation after FY90.3 was also associated with a large rise in unemployment. In contrast, the increase in FSP participation between FY89.2 and FY90.2 was associated with neither a major change in the FSP nor a large increase in unemployment.

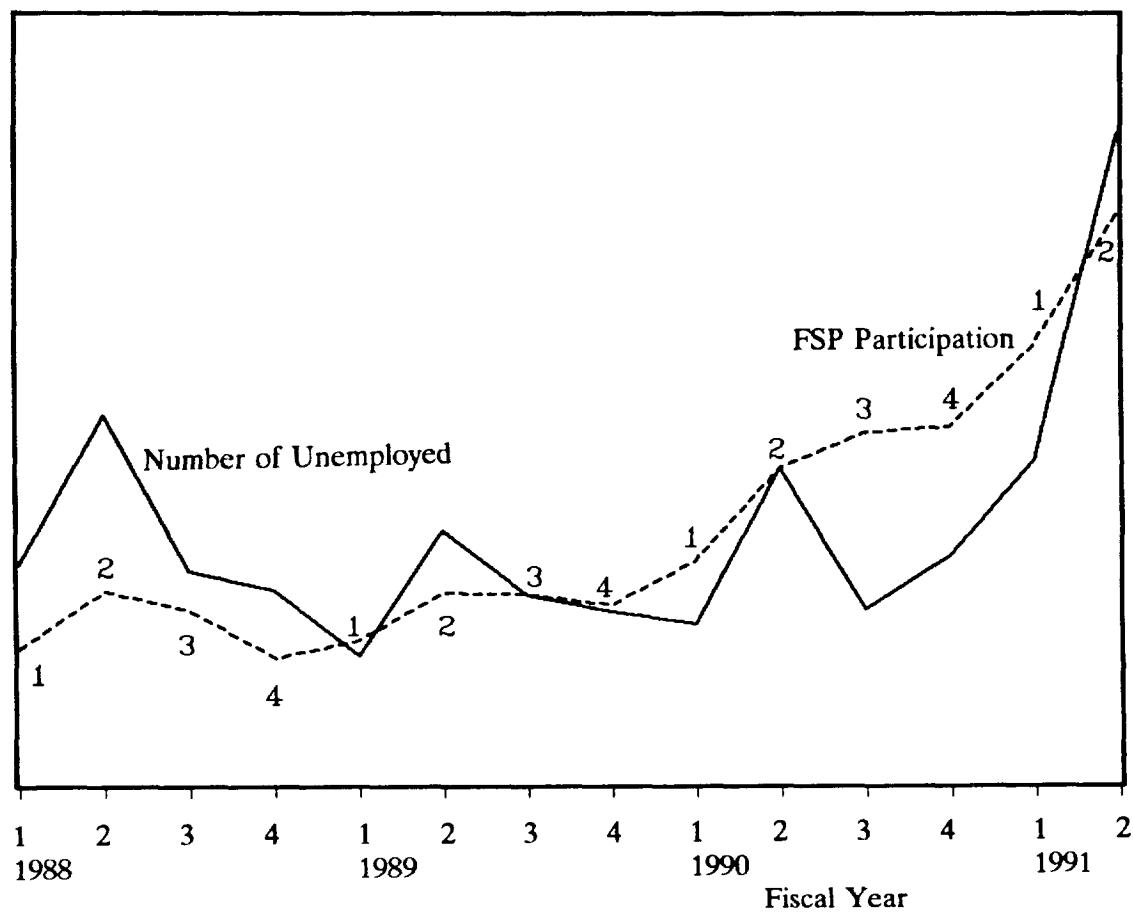
Figure II.2 magnifies the pattern of FSP participation and unemployment between FY88.1 and FY91.2. The usual seasonal downturn in FSP participation--that is, highest in the second fiscal-year quarter and lowest in the first and fourth fiscal-year quarters--is evident in FY88. In FY89, FSP participation dipped only slightly in the third and fourth quarters rather than following the usual seasonal pattern of a decline to about the first-quarter level. In FY90, rather than falling in the third and fourth quarters, FSP participation continued to increase during the second half of the fiscal year, although at a slower rate than during the first two quarters. In the first two quarters of FY91, FSP participation rose dramatically. We do not interpret these patterns as suggesting that FSP

FIGURE II.1
Participation in the Food Stamp Program and Number of Unemployed Workers
(Monthly Average -- FY77.1 to FY91.2)



Note: Food Stamp Program participants in Puerto Rico are not included.

FIGURE II.2
AVERAGE MONTHLY NUMBER OF FSP PARTICIPANTS AND
UNEMPLOYED WORKERS FY88.1 TO FY91.2



participation was no longer influenced by seasonal factors, but that the usual seasonal pattern was interrupted by two upward shifts in the trend growth of FSP participation. The first shift occurred in FY89.3. Although FSP participation was essentially flat during FY89.3 and FY89.4, the interruption of the usual seasonal downturn represented the beginning of the growth in FSP participation. The second shift, occurring in FY90.3, marked an acceleration in FSP participation growth.

B. REGIONAL PATTERNS OF FSP PARTICIPATION GROWTH

The increase in FSP participation was widespread across the United States. Table II.1 shows the absolute and percentage change in FSP participation between FY89.2 and FY90.2 in the 50 states and the District of Columbia.¹ The states are ranked according to the size of the absolute increase in FSP participation over the period. All but six states experienced an increase in FSP participation. According to most FSP administrators who participated in our 15-state survey, the increase in FSP participation was also widespread *within* each state rather than concentrated in particular areas.²

However, the size of the increase in FSP participation between FY89 and FY90 varied considerably by state. Four states, which account for about 30 percent of the national FSP caseload--

¹Table C.1 in Appendix C presents the absolute and proportionate size of the increase in FSP participation between FY90.2 and FY91.2 for each state. Three differences between the regional patterns of the FY89/FY90 increase in FSP participation and the FY90/FY91 increase in FSP participation are worth noting. First, the FY90/91 increase is more widespread than the FY89/FY90 increase: while six states did not experience any increase in FSP participation between FY89.2 and FY90.2, all 50 states and the District of Columbia experienced an increase in FSP participation between FY90.2 and FY91.2. Second, the average size of the increase in FSP participation between FY90 and FY91 was twice as large as the increase between FY89 and FY90. Third, although the rankings of the states by the absolute change in FSP participation over the two periods were fairly similar, both Ohio and Illinois experienced much larger increases in FSP participation between FY90.2 and FY91.2 than between FY89.2 and FY90.2. California experienced a smaller increase in FSP participation during the later period, both in absolute and percentage terms.

²The exception was New Jersey in which some counties had experienced large increases in FSP participation while others had experienced no increase.

TABLE II.1

THE CHANGE IN THE AVERAGE MONTHLY NUMBER OF FSP PARTICIPANTS BY STATE
BETWEEN FY89.2 AND FY90.2

| State | Absolute Change | Percent Change | State | Absolute Change | Percent Change |
|----------------|-----------------|----------------|----------------|-----------------|----------------|
| Texas | 254,488 | 15.6% | South Carolina | 6,558 | 2.6% |
| California | 136,667 | 7.7% | Arkansas | 5,606 | 2.4% |
| Florida | 117,667 | 17.9% | New Mexico | 5,414 | 3.5% |
| New York | 57,692 | 3.9% | Vermont | 4,283 | 12.3% |
| Arizona | 49,101 | 18.9% | Louisiana | 3,872 | 0.5% |
| Georgia | 43,613 | 8.9% | DC | 3,697 | 6.4% |
| Michigan | 37,701 | 4.3% | Oregon | 3,638 | 1.6% |
| New Jersey | 35,759 | 10.2% | Delaware | 3,544 | 11.9% |
| Massachusetts | 31,888 | 10.2% | Rhode Island | 2,997 | 5.3% |
| Pennsylvania | 29,172 | 3.2% | Colorado | 2,990 | 1.4% |
| Indiana | 25,778 | 8.4% | Utah | 2,694 | 2.8% |
| Missouri | 25,724 | 6.3% | West Virginia | 2,412 | 0.9% |
| North Carolina | 24,504 | 6.2% | Oklahoma | 1,918 | 0.7% |
| Tennessee | 21,099 | 4.1% | Iowa | 1,816 | 1.1% |
| Alabama | 19,416 | 4.4% | Nebraska | 1,695 | 1.8% |
| Connecticut | 17,522 | 15.6% | Maryland | 859 | 0.3% |
| Kentucky | 17,369 | 3.9% | Wyoming | 605 | 2.1% |
| Washington | 16,261 | 5.0% | North Dakota | 289 | 0.7% |
| Kansas | 15,467 | 12.1% | South Dakota | 133 | 0.3% |
| Minnesota | 14,187 | 5.8% | Montana | -103 | -0.2% |
| Virginia | 9,023 | 2.7% | Hawaii | -1,243 | -1.6% |
| Nevada | 8,788 | 21.1% | Idaho | -2,236 | -3.4% |
| Mississippi | 8,249 | 1.7% | Wisconsin | -4,823 | -1.6% |
| Illinois | 8,133 | 0.8% | Alaska | -5,289 | -19.5% |
| New Hampshire | 7,856 | 35.5% | Ohio | -17,399 | -1.6% |
| Maine | 7,562 | 8.7% | | | |
| | | | Total | 1,064,613 | 5.6% |

SOURCE: USDA, Food and Nutrition Service

Texas, California, Florida, and New York--accounted for about 53 percent of the total increase in the caseload. Ten states, which account for about 48 percent of the national caseload, accounted for nearly 75 percent of the increase.

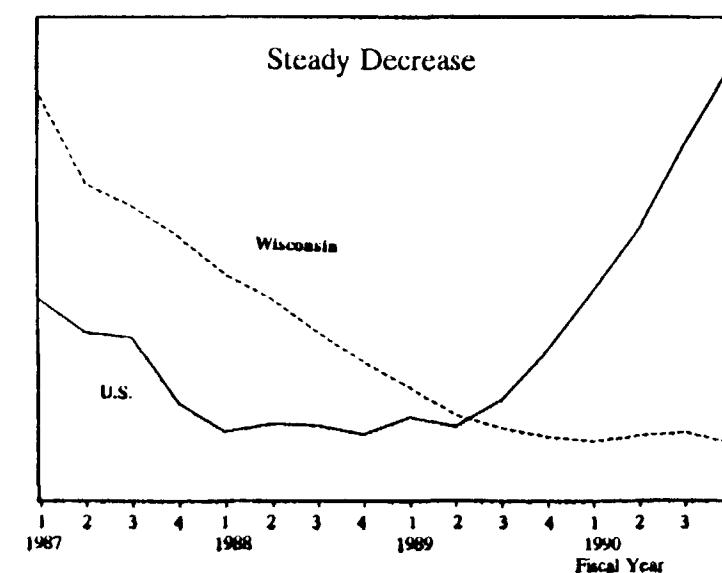
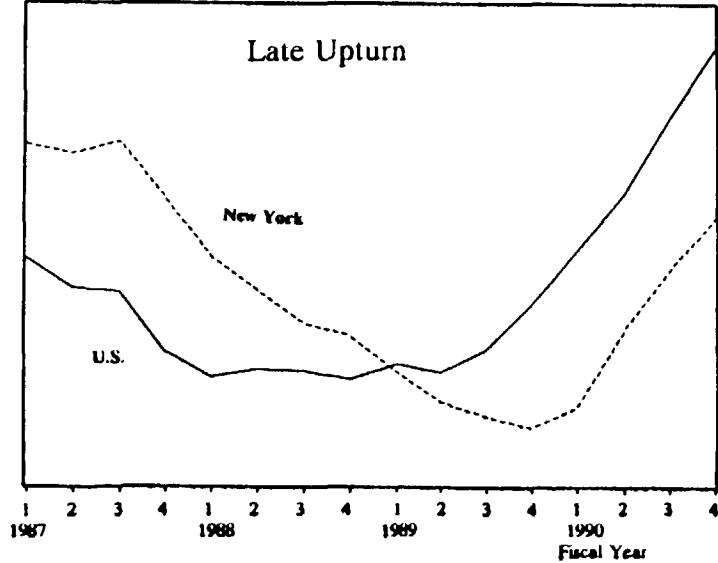
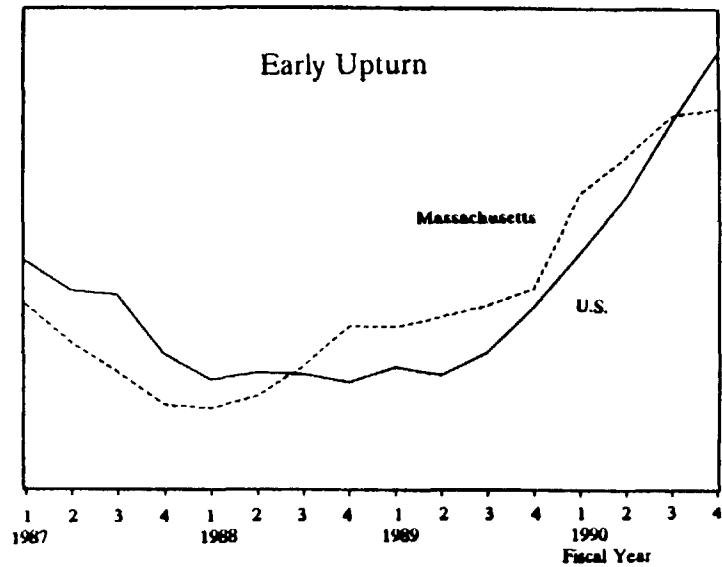
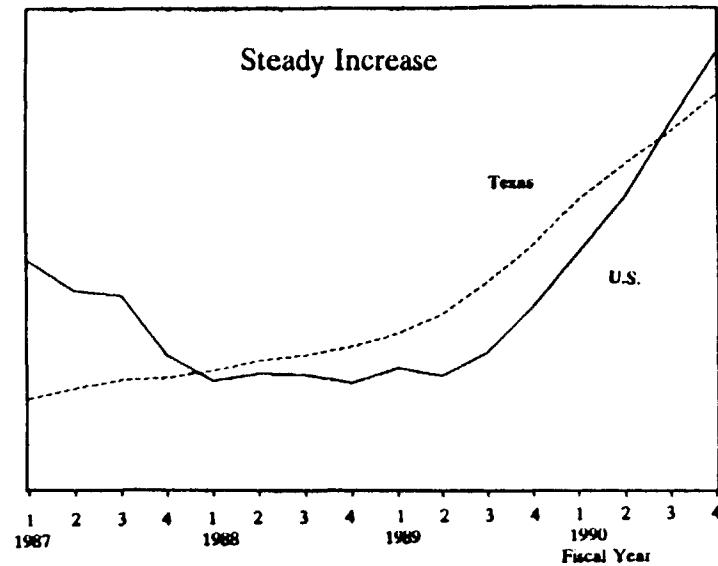
The timing of the increase also varied by state. Corson and McConnell (1990) identified four patterns of FSP participation that occurred between FY86.4 and FY90.2:

1. A *steady increase* in FSP participation between FY86.4 and FY90.2. Arizona, California, Colorado, Florida, Minnesota, Missouri, Nevada, Texas, Utah, and Washington fall into this category.
2. An *early upturn* in FSP participation between FY87.4 and FY88.3. Connecticut, Delaware, Georgia, Kansas, Massachusetts, Maryland, New Hampshire, North Dakota, Oregon, Tennessee, Vermont, and Virginia fall into this category.
3. A *late upturn* in FSP participation between FY89.3 and FY90.1. Alabama, Arkansas, the District of Columbia, Illinois, Indiana, Kentucky, Maine, Michigan, Mississippi, Nebraska, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, and Wyoming fall into this category.
4. A *steady decline* in FSP participation between FY86.4 and FY90.2. Alaska, Hawaii, Iowa, Montana, Ohio, South Carolina, South Dakota, and Wisconsin fall into this category.

The states that experienced a steady increase in FSP participation were primarily Western and Southern states, with the exception of Missouri and Minnesota. The three states with the largest absolute increases in FSP participation--Texas, California, and Florida--all experienced steady increases in FSP participation. Many of the New England states experienced an early upturn in FSP participation, while many Middle Atlantic and Midwestern states experienced a late upturn in FSP participation. Figure II.3 provides examples of the pattern of FSP participation that fall into each of the four categories.³

³The series illustrated in these plots are deseasonalized monthly participation levels averaged over the quarter. We normalized each series by subtracting its mean and dividing by its standard deviation.

FIGURE II.3
PLOTS OF FSP PARTICIPATION BY STATE BETWEEN FY87 AND FY90



All the states that experienced a steady increase or an upturn in FSP participation between FY86.4 and FY90.2 continued to experience rising FSP participation into the first half of FY91. All but two states that experienced a decline in FSP participation--Hawaii and Wisconsin--experienced an upturn in FSP participation in the second half of FY90 and all states had experienced an upturn in participation by the first half of FY91. Ohio, which experienced a decline in FSP participation between FY89.2 and FY90.2, experienced an increase in FSP participation of about 108,000 (10 percent) between February 1990 and February 1991.

C. DISAGGREGATION OF THE INCREASE IN FSP PARTICIPATION BY TYPE OF CASE

For both analytic and administrative purposes, FSP caseloads are frequently disaggregated into households that receive public assistance (PA)--defined as AFDC, General Assistance (GA), and Supplemental Security Income (SSI)--and households that do not (NPA). Table II.2 presents the average monthly number of households that received food stamps in the first half of each fiscal year between FY87 and FY90 as well as the number of those households that received public assistance and the number of those households that did not receive public assistance. Both the number of PA households and the number of NPA households increased between FY88 and FY90, when the total number of households receiving food stamps was rising. The absolute increase in the number of PA households between FY88 and FY90 (280,000 households) was similar to the absolute increase in the number of NPA households over the same period (292,000 households). However, as the number of NPA households is only about 60 percent of the number of PA households, the *proportionate* increase in the number of NPA households between FY88 and FY90 (about 11 percent) was larger than the proportionate increase in the number of PA households (about 6 percent). The number of PA households as a proportion of all FSP households decreased slightly between FY88 and FY90.

TABLE II.2
**AVERAGE MONTHLY NUMBER OF PA AND NPA
 HOUSEHOLDS RECEIVING FOOD STAMPS**
 (Number of Households in Thousands)

| | First Two Quarters of: | | | |
|---|------------------------|-------|-------|-------|
| | FY87 | FY88 | FY89 | FY90 |
| All Households Receiving Food Stamps | 7,186 | 7,030 | 7,163 | 7,602 |
| PA Households Receiving Food Stamps | 4,335 | 4,385 | 4,444 | 4,665 |
| NPA Households Receiving Food Stamps | 2,851 | 2,645 | 2,719 | 2,937 |
| PA Households as a Proportion of All Households | 60.3% | 62.4% | 62.0% | 61.4% |

SOURCE: Food Stamp Quality Control databases

Many of the FSP administrators that participated in our survey were able to provide us with the breakdown of their state caseload into PA and NPA cases. In 10 of the 11 states for which we have data, an increase occurred in both the PA and NPA caseloads.⁴ Table II.3 indicates for each of the 11 states whether the increase occurred primarily in the PA or NPA caseload. In 9 of the 11 states, the absolute increase in FSP participation was driven by an increase in the PA caseload. In contrast, the absolute increase in FSP participation in Texas and Missouri was driven by an increase in the NPA caseload. Thus, while an increase of approximately the same size occurred in both the PA and NPA FSP caseloads nationwide, some states, such as California, Florida, and Arizona, experienced large increases in their PA caseloads while other states, such as Texas and Missouri, experienced large increases in their NPA caseloads.

D. CHANGES IN THE NUMBER OF HOUSEHOLDS THAT ENTERED AND LEFT THE FSP

The increase in FSP participation could have occurred because (1) the number of households that entered the FSP increased, and/or (2) the number of households that left the FSP declined. If fewer households leave the FSP, the average length of time that households spend on the program increases. Table II.4 shows the average monthly number of households that entered the FSP and left the FSP in each quarter between FY86.1 and FY90.2, calculated from the QC databases.⁵

The increase in FSP participation between FY89 and FY90 occurred primarily because the number of households that entered the FSP increased. The number of households that entered the FSP increased by 88,000 (32 percent) between FY89.1 and FY90.1 and by nearly 40,000 (13 percent) between FY89.2 and FY90.2. This represents a marked acceleration of an upward trend in the

⁴The exception was Michigan, which experienced an increase only in its PA caseload.

⁵Households are counted as "entering" the FSP if they were certified for the FSP in the month in which they were sampled. We calculated the number of households that left the FSP in each month by using the following identity: the number of households that leave the FSP equals the number of households that enter the FSP minus the change in the number of households on the FSP.

TABLE II.3
DISAGGREGATION OF THE FSP PARTICIPATION INCREASE
BETWEEN FY89 AND FY90 BY TYPE OF CASE

| State | Public Assistance Caseload as Percent of Total Caseload (July 1989) | Largest Absolute Increase Occurred in: | Largest Percentage Increase Occurred in: |
|----------------|---|--|--|
| Texas | 23% | NPA | NPA |
| California | 66% | PA | PA |
| Florida | 29% | PA | PA |
| New York | 82% | PA | NPA |
| Arizona | 37% | PA | PA |
| Georgia | 30% | PA | PA |
| Michigan | 81% | PA | PA |
| Massachusetts | 79% | PA | PA |
| Missouri | 36% | NPA | PA |
| North Carolina | 47% | PA | PA |
| Minnesota | 64% | PA | PA |

SOURCE: USDA, Food and Nutrition Service and Survey of FSP administrators

NOTE: PA: public assistance cases NPA: non public assistance cases

TABLE II.4
AVERAGE MONTHLY NUMBER OF HOUSEHOLDS
THAT ENTERED AND LEFT THE FSP

| Fiscal Quarter | Average Monthly Number of Households that Entered the FSP | | Average Monthly Number of Households that Left the FSP | |
|----------------|--|----------------------|---|----------------------|
| | Average Over Quarter | Average Over Year | Average Over Quarter | Average Over Year |
| 86.1 | 233,958 ^a | | 200,093 ^a | |
| 86.2 | 247,642 | | 202,851 | |
| 86.3 | 236,501 | | 298,588 | |
| 86.4 | 235,502 | 238,805 | 255,277 | 242,758 |
| 87.1 | 259,961 | | 231,001 | |
| 87.2 | 259,095 | | 218,206 | |
| 87.3 | 204,594 | | 275,643 | |
| 87.4 | 252,444 | 244,023 | 312,456 | 259,327 |
| 88.1 | 251,684 | | 232,097 | |
| 88.2 | 270,083 | | 182,737 | |
| 88.3 | 226,576 | | 285,168 | |
| 88.4 | 250,299 | 249,661 | 264,597 | 241,150 |
| 89.1 | 275,656 | | 230,633 | |
| 89.2 | 307,167 | | 241,458 | |
| 89.3 | 270,286 | | 301,788 | |
| 89.4 | 306,906 | 290,004 | 284,539 | 264,605 |
| 90.1 | 363,202 | | 299,896 | |
| 90.2 | 346,872 | | 230,030 | |

SOURCE: Food Stamp Quality Control databases.

^aAverage taken over November and December only.

number of households entering the FSP that began as early as FY86. This upward trend is consistent with the increase in FSP applications and certifications that was noted by FSP administrators in the survey. The trend in the number of households that left the FSP is less clear, but there is some evidence of an *increase*, rather than a decrease.

A break in the trend of households that entered and left the FSP seems to have occurred in FY90.2. Although the number of households that enter the FSP usually increases in the second quarter of the fiscal year, the number of households that entered the FSP in FY90.2 declined by over 16,000 households (a 4 percent decrease). At the same time, the number of households that left the FSP declined by nearly 70,000 (23 percent), perhaps marking the beginning of a pattern in which households spend a longer period of time on the program.

The aggregate figures hide interesting regional variations in the number of households that entered and left the FSP. Table II.5 shows the average monthly number of households on the FSP, entering the FSP, and leaving the FSP during the first two quarters of each fiscal year between FY87 and FY90. Focusing on the increase in FSP participation between FY89 and FY90:

- In the *West*, the increase in FSP participation was due solely to a decline in the number of households that left the FSP.
- In the *North Central* region and the *South*, the increase in FSP participation was due to an increase in the number of households that entered the FSP since the number of households that left the FSP also increased.
- In the *Northeast*, the increase in FSP participation was due to both an increase in the number of households that entered the FSP and a decline in the number of households that left the FSP.

TABLE II.5
AVERAGE MONTHLY NUMBER OF HOUSEHOLDS
THAT ENTERED AND LEFT THE FSP BY REGION
(Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|--|----------------------------|---------------|---------------|---------------|
| | FY87 | FY88 | FY89 | FY90 |
| <u>Households On the FSP</u> | | | | |
| All Regions | 7,186 | 7,031 | 7,161 | 7,602 |
| <u>Region</u> | | | | |
| West | 1,067 | 1,072 | 1,149 | 1,223 |
| North Central | 1,916 | 1,851 | 1,846 | 1,894 |
| South | 2,632 | 2,612 | 2,690 | 2,928 |
| Northeast | 1,525 | 1,459 | 1,439 | 1,517 |
| <u>Households that Entered the FSP</u> | | | | |
| All Regions | 260 (3.6%) ^a | 261 (3.7%) | 291 (4.1%) | 355 (4.7%) |
| <u>Region</u> | | | | |
| West | 50 | 55 | 60 | 59 |
| North Central | 60 | 54 | 66 | 76 |
| South | 117 | 119 | 118 | 159 |
| Northeast | 29 | 31 | 46 | 58 |
| <u>Households that Left the FSP</u> | | | | |
| All Regions | 225 (3.1%) | 207 (2.9%) | 236 (3.3%) | 265 (3.5%) |
| <u>Region</u> | | | | |
| West | 40 | 40 | 45 | 39 |
| North Central | 54 | 54 | 55 | 58 |
| South | 98 | 92 | 93 | 128 |
| Northeast | 30 | 29 | 42 | 38 |

SOURCE: Food Stamp Program Quality Control databases

^aPercentage of all households on the FSP

E. CHANGES IN THE CHARACTERISTICS OF HOUSEHOLDS THAT ENTERED THE FSP

This section discusses whether the type of households that joined the FSP changed as FSP participation increased. Using the QC databases, we examine the characteristics of households that entered the FSP between FY87 and FY90.⁶

Table II.6 disaggregates the average monthly number of households that entered the FSP into four comprehensive, mutually exclusive categories: (1) households with earnings and unearned income such as AFDC, (2) households with earnings but without unearned income, (3) households with unearned income but without earnings, and (4) households with neither earnings nor unearned income. While the number of households in each category increased over the period, the proportion of entering households with earnings (categories 1 and 2) and the proportion without earnings (categories 3 and 4) remained remarkably constant, at about 30 and 70 percent, respectively. However, a striking increase occurred in the proportion of households with no income at all---increasing from 26 percent in FY87 to 33 percent in FY90--at the expense of the proportion of households with only unearned income. About half of the increase in the number of households that entered the FSP with no income occurred between FY88 and FY89.

An examination of other nonexclusive characteristics of the households that entered the FSP between FY87 and FY90 provides some clues to the causes of the increase in FSP participation.⁷ Interesting changes occurred in at least eight characteristics of the households that entered the FSP between FY87 and FY90. Table II.7 shows the number and proportion of households with each of these eight characteristics that entered the FSP in the first two quarters of each fiscal year between

⁶Because we have QC data for only the first two fiscal quarters of FY90, we examine the characteristics of households that entered the FSP in the first half of each fiscal year.

⁷Although these characteristics of households are not mutually exclusive, none of the changes in the proportion of households with a given characteristic can be completely explained by a change in the proportion of households with one of the other characteristics.

TABLE II.6
INCOME SOURCES OF HOUSEHOLDS THAT ENTERED THE FSP
(Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|--|-------------------------|--------------|--------------|--------------|
| | FY87 | FY88 | FY89 | FY90 |
| 1. With Earnings and Unearned Income | 24 (9%) ^a | 23 (9%) | 24 (8%) | 34 (10%) |
| 2. With Earnings but Without Unearned Income | 52 (20%) | 51 (20%) | 55 (19%) | 68 (19%) |
| 3. Without Earnings but With Unearned Income | 113 (43%) | 113 (43%) | 116 (40%) | 137 (39%) |
| 4. Without Earnings and Without Unearned Income | 68 (26%) | 70 (27%) | 95 (32%) | 115 (33%) |
| Total Number of Households that Entered the FSP ^b | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Quality Control databases

^aPercentage of all households that entered the FSP

^bThe numbers in each column do not sum to the total number of households because of missing data.

TABLE II.7
CHARACTERISTICS OF HOUSEHOLDS THAT ENTERED
THE FSP BETWEEN FY87 AND FY90
(Average Monthly Number of Households in Thousands)

| Characteristic | First Two Quarters of: | | | |
|---|--------------------------|-------------|-------------|--------------|
| | FY87 | FY88 | FY89 | FY90 |
| With No Income | 68 (26%) ^a | 70 (27%) | 95 (32%) | 115 (33%) |
| Receives AFDC | 38 (15%) | 60 (23%) | 57 (19%) | 63 (18%) |
| Receives Medicaid | 68 (26%) | 90 (35%) | 96 (33%) | 106 (30%) |
| Has No Shelter Costs | 46 (18%) | 55 (21%) | 67 (23%) | 99 (28%) |
| Receives Expedited Service | 51 (20%) | 64 (25%) | 85 (29%) | 108 (30%) |
| Has an Immigrant Household Head | 13 (5%) | 12 (5%) | 17 (6%) | 29 (8%) |
| Has an Hispanic Household Head | 32 (13%) | 27 (11%) | 42 (14%) | 52 (15%) |
| Contains One Nonelderly Adult | 66 (25%) | 57 (22%) | 85 (29%) | 108 (30%) |
| Total Number of Households that Entered the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Quality Control databases

^aPercentage of all households that entered the FSP

FY87 and FY90. The proportion of households that entered the FSP with each of these eight characteristics changed significantly between FY87 and FY90. The changes in the characteristics of households include:

1. An increase in the number and proportion of households with no income (as discussed above). Nearly half of the increase in the number of households entering the FSP between FY87 and FY90 can be accounted for by the increase in households with no income.
2. An increase in the number and proportion of households entering the FSP that also received AFDC. However, most of this increase occurred between FY87 and FY88 when the average monthly number of households entering the FSP increased by only 1,000.
3. An increase in the number and proportion of households entering the FSP that also received Medicaid from about 26 percent in FY87 to 30 percent in FY90. However, most of this increase occurred between FY87 and FY88, mirroring the increase in AFDC households.⁸ About 40 percent of the total increase in the number of households entering the FSP between FY87 and FY90 can be accounted for by an increase in Medicaid households.
4. An increase in the number and proportion of households with no shelter costs. The number of households entering the FSP with no shelter costs more than doubled between FY87 and FY90 and can account for over half of the total increase in the number of households entering the FSP.
5. An increase in the number and proportion of households that received expedited service. The number of households that received expedited service when entering the FSP more than doubled between FY87 and FY90; the proportion of households with expedited service increased from 20 to 30 percent over the same period. The increase in the number of households with expedited service entering the FSP can account for about 60 percent of the total increase in households entering the FSP between FY87 and FY90.
6. An increase of more than 100 percent in the number of households entering the FSP that were headed by an immigrant. However, because the number of immigrant households is small, the increase can account for only about 17 percent of the total increase in the number of households entering the FSP.

⁸Unfortunately, the QC databases do not identify whether AFDC households also received Medicaid. As all AFDC households are categorically eligible for Medicaid, we assumed that all AFDC households received Medicaid. This may explain the similarities in the pattern of changes in the number of households entering the FSP with AFDC and the number of households entering the FSP with Medicaid.

7. An increase of about 20,000 between FY87 and FY90 in the number and proportion of households headed by an Hispanic. This increase can account for just over 20 percent of the total increase in the number of households entering the FSP over this period. 208

8. An increase in the number and proportion of households that consisted of one nonelderly adult. The number of these one-person households increased by about 42,000 between FY87 and FY90. This increase can account for about 44 percent of the total increase in households entering the FSP over this period.

Chapter III discusses the implications of these changes in the characteristics of households that entered the FSP for the reasons why participation in the program increased.

III. CAUSES OF THE INCREASE IN FSP PARTICIPATION

In this chapter, we discuss the available evidence to support each of six hypotheses about the cause of the FSP participation increase between FY89 and FY90. Corson and McConnell (1990) discussed in detail the suggested hypotheses about the cause of the increase in FSP participation. For reference, these hypotheses are summarized in Table III.1. This chapter discusses evidence supporting and refuting these hypotheses from each of the three research methodologies--the analysis of state-level data, the analysis of data on FSP households, and the survey of state and county program administrators.

A. CHANGES IN THE ECONOMY

During a slowdown of the economy FSP participation may increase both because more persons become eligible for the program and because more FSP-eligible persons choose to participate in the program. However, the increase in FSP participation between FY89 and FY90 occurred at a time of a strong U.S. economy. The (seasonally adjusted) unemployment rate remained at about 5.3 percent throughout FY89 and the first three quarters of FY90, and it began to rise (to 5.7 percent) only in the last quarter of FY90. But the aggregate unemployment rate hides regional variations in unemployment and other changes in the economy that may have affected FSP participation.

Two pieces of evidence are consistent with the hypothesis that changes in the economy contributed to the increase in FSP participation. First, respondents in all states in our survey of program administrators thought that a slowdown in the economy had contributed at least in part to the increase in FSP participation. In most of the Midwestern and Northeastern states, respondents pointed to changes in the economy as the major cause of the increase in FSP participation between FY89 and FY90. However, in the three states that experienced the largest absolute increases in FSP

TABLE III.1
HYPOTHESES ABOUT THE CAUSES OF THE FSP
PARTICIPATION INCREASE BETWEEN FY89 AND FY90

1. Changes in the Economy

Increased unemployment
Increased number of persons who have exhausted their Unemployment Insurance benefits
Increased number of discouraged workers
Increased number of working poor
Increased food and housing costs

2. Changes in the Medicaid Program

Expanded eligibility for pregnant women and children
Improved accessibility and outreach

3. Changes in the Food Stamp Program

Higher benefits and funding for outreach to homeless persons
Increased availability of expedited service
Changed definition of the FSP household
Improved accessibility to the FSP
Increased outreach
Increased maximum allotments
Relaxed verification requirements
Longer certification periods

4. Immigration Legislation

5. Demographic and Sociological Changes

Increased population
Increased number of female-headed households
Changed attitudes towards welfare

6. Changes in Other Assistance Programs

Increased participation in the AFDC program
Increased participation in the WIC program

participation--Texas, California, and Florida--respondents indicated that changes in the economy had only a minor impact on the rise in FSP participation.¹

Second, as we discussed in Chapter II, some of the increase in FSP participation in the West and Northeast occurred because of a decline in the number of households that left the program. And the increase in FSP participation between the first and second quarter of FY90 occurred because the number of households that left the program decreased. Worsening economic conditions reduce the opportunities for persons to leave the FSP, in addition to increasing the number of households that enter the FSP. But nearly all of the other possible explanations for the increase in FSP participation listed in Table III.1 would increase only the number of households that enter the FSP, and not affect the number of households that leave the FSP. Thus, the reduction in the number of households that left the FSP in FY90 strongly suggests that a slowdown in the economy contributed to the increase in FSP participation.

1. An Increase in Unemployment

The number of unemployed workers is traditionally the best predictor of the level of FSP participation. But, between FY89.2 and FY90.2, the number of unemployed workers rose only by about 330,000 (5 percent) while FSP participation rose by more than three times this amount.

However, these aggregate figures hide wide regional variations in unemployment. Table III.2 shows the change in FSP participation and unemployment between FY89.2 and FY90.2 for each of the nine Census divisions and four Census regions. States in New England, the Middle Atlantic, and the East North Central divisions experienced large increases in unemployment. However, states in the West North

¹During the interviews, we stressed that we were interested in the causes of the increase in FSP participation only between FY89 and FY90. But, because the interviews took place at the end of FY90 when the U.S. economy was slipping into a recession, some respondents may have exaggerated the role of the economy in explaining the increase in FSP participation between FY89 and FY90.

TABLE III.2
**PROPORTION OF INCREASE IN FSP PARTICIPATION BETWEEN
 FY89.2 AND FY90.2 EXPLAINED BY UNEMPLOYMENT, BY REGION**

| Census Geographic Region/Division | Change in FSP Participation | Change in Unemployment (lagged one quarter) | Proportion of Change in FSP Participation Explained by Change in Unemployment ^a |
|-----------------------------------|-----------------------------|---|--|
| Northeast | 194,732 | 189,438 | 54% |
| New England | 72,109 | 77,672 | 60% |
| Middle Atlantic | 122,623 | 111,766 | 51% |
| North Central | 108,700 | 99,024 | 52% |
| East North Central | 49,389 | 99,880 | 113% |
| West North Central | 59,311 | -856 | -1% |
| South | 543,895 | -126,134 | -13% |
| South Atlantic | 211,876 | 34,294 | 9% |
| East South Central | 66,134 | -69,117 | -59% |
| West South Central | 265,885 | -91,311 | -19% |
| West | 217,286 | 1,251 | 0 |
| Mountain West | 67,255 | -45,858 | -38% |
| Pacific West | 150,031 | 47,109 | 18% |
| Total | 1,064,613 | 163,579 | 9% |

SOURCE: USDA, Food and Nutrition Service and Department of Labor, Bureau of Labor Statistics

^aCalculated under the assumption that an increase in unemployment of 100 increases FSP participation by 56. This is the average of the estimates of the effect of unemployment on FSP participation reported in Table A.1.

Central, East South Central, West South Central, and Mountain West divisions all experienced reductions in unemployment.

If 56 of 100 persons who became unemployed joined the FSP--the average impact of unemployment on FSP participation estimated by our regression models--the increase in aggregate unemployment (lagged one quarter) can account for only 9 percent of the total increase in FSP participation. However, this figure masks a wide variation by region in the role played by unemployment in the increase in FSP participation. While in some regions both FSP participation and unemployment increased, in other regions FSP participation increased despite a *fall* in unemployment. The increase in unemployment can explain all of the increase in FSP participation in the East North Central division and over half of the increase in FSP participation in New England and the Middle Atlantic divisions. In contrast, our simulations predict that in those divisions that experienced a fall in unemployment--West North Central, East South Central, West South Central, and Mountain West--FSP participation would have fallen, not increased, if all other factors had remained unchanged.

Unemployed persons who do not receive Unemployment Insurance (UI) are more likely to be eligible and to choose to participate in the FSP than are persons who do receive UI. Table III.3 shows the number and proportion of all households that entered the FSP that received UI. Of the households that entered the FSP in FY87, 8 percent received UI benefits; by FY88, this proportion had declined to 5 percent and it stayed at 5 percent through to FY90. The decrease in the proportion of UI-recipient households in this sample mirrors the decline in the proportion of UI recipients in the economy as a whole (Vroman, 1990). This economy-wide decline in the proportion of UI recipients can be explained by (1) a decline in the number of persons eligible for UI benefits because of economic changes and legislative changes (such as the reduction in the availability of long-term UI benefits), and (2) a decline in the proportion of persons eligible for UI benefits who apply for them. A FSP administrator in Massachusetts suggested that the proportion of FSP entrants with UI benefits decreased because more

TABLE III.3
 NUMBER AND PROPORTION OF HOUSEHOLDS
 THAT ENTERED THE FSP WITH UI BENEFITS
 (Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|---------------------------------------|-------------------------|------------|------------|------------|
| | FY87 | FY88 | FY89 | FY90 |
| Households with UI benefits | 22 (8%) ^a | 14 (5%) | 15 (5%) | 18 (5%) |
| Number of Households Entering the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Program Quality Control databases

^aProportion of all households entering the FSP

households had exhausted their benefits. This decline in the proportion of UI-recipient households entering the FSP is consistent with the hypothesis that an increase in the number of unemployed persons with no UI caused some of the increase in FSP participation.

According to FSP administrators in Texas, Arizona, and Michigan, the number of persons who are not employed and would like to work but are no longer searching for a job--"discouraged workers"--has increased. An increase in the number of discouraged workers will increase the number of persons eligible for the FSP without affecting the level or rate of unemployment.

2. An Increase in the Number of Working Poor

A recurring theme in our interviews with FSP administrators was that lower-paid jobs in the service sector were replacing higher-paid manufacturing jobs. An increase in persons with low-wage jobs--"the working poor"--as a consequence of such a shift in the nature of jobs would increase the number of persons eligible for the FSP. Respondents from seven states--Michigan, Oregon, New Jersey, Arizona, Minnesota, Massachusetts, and North Carolina--believed that an increase in the number of working poor was an important cause of the increase in FSP participation. Survey respondents from an additional five states believed that an increase in the number of working poor had contributed to the increase in FSP participation.

It is difficult to quantify the importance of an increase in the number of working poor. If an increase in the number of working poor were the single major cause of the increase in FSP participation, we would expect that the number of households with earnings that enter the FSP would increase. But in the QC sample of households that entered the FSP, the proportion of households with earnings remained roughly constant, at about 30 percent, between FY87 and FY90. Table III.4 shows the number and proportion of households with earnings that entered the FSP in the four Census regions. No statistically significant change in the proportion of households with earnings that entered the FSP occurred in any region between FY89 and FY90. Based on these figures, we cannot conclude that an

TABLE III.4
CHARACTERISTICS OF HOUSEHOLDS THAT ENTERED THE FSP WITH EARNINGS
(Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|--|--------------------------|-------------|-------------|--------------|
| | FY87 | FY88 | FY89 | FY90 |
| Households with Earnings | 78 (30%) ^a | 78 (30%) | 80 (28%) | 105 (30%) |
| <u>By Region</u> | | | | |
| Northeast | 7 (24%) | 8 (26%) | 10 (22%) | 14 (24%) |
| North Central | 18 (30%) | 17 (31%) | 18 (27%) | 19 (25%) |
| South | 40 (34%) | 39 (33%) | 38 (32%) | 55 (35%) |
| West | 13 (26%) | 13 (24%) | 13 (22%) | 16 (27%) |
| Total Number of Households that Entered the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Program Quality Control databases

^a Proportion of all households entering the FSP

increase in the number of working poor was not important. It may be that an increase in the number of households with earnings--the working poor--was matched by a proportionately equal increase in the number of households without jobs and, therefore, without earnings. However, we *can* conclude that the increase in the number of working poor was as important (or as unimportant) in causing the increase in FSP participation as the increase in the number of unemployed workers.²

3. An Increase in Food and Shelter Costs

Food and shelter make up a high proportion of expenditures of low-income persons. Hence, an increase in food and shelter costs will disproportionately reduce the real discretionary income of low-income persons and may increase the number of FSP-eligible persons who choose to participate in the program.³ FSP administrators from six states believed that rising food and housing costs had contributed to the increase in FSP participation, but none thought that the cost increase was a major factor.

B. CHANGES IN THE MEDICAID PROGRAM

In the 1980s, Congress became increasingly concerned about the inadequacy of prenatal and newborn care for low-income women and infants and the associated high infant mortality rate. This concern prompted a number of changes in the Medicaid program directed towards pregnant women, infants, and children. Prior to 1984, the Medicaid eligibility limits for pregnant women and children were

²We experimented with including in our state-level regression models measures of the number of working poor such as the number of workers in service industries, the number of workers in retail industries, and the number of service sector workers as a proportion of total employment. These variables either did not enter the model significantly or entered the model with the "wrong" sign.

³An increase in shelter costs, to the extent that it affects the shelter deduction, may also affect the number of persons eligible for the FSP.

similar to the AFDC eligibility limits.⁴ A series of annual legislative changes, beginning in 1984, broke this link between eligibility for Medicaid and AFDC. First, states were mandated to expand their Medicaid coverage to some pregnant women and children who met the AFDC income and resource eligibility limits but whose family structure made them ineligible for AFDC. Later, legislation gave states the option to raise the Medicaid income eligibility limit for pregnant women and children above the AFDC income eligibility limit. In 1988, the Medicare Catastrophic Act required that by July 1988 states increase the Medicaid income eligibility limit for all pregnant women to a minimum of 75 percent of the poverty level and that by April 1990 they increase it for all pregnant women and children under age 6 to a minimum of 133 percent of the poverty level.⁵

To encourage pregnant women to participate in the Medicaid program, legislation also gave the states the option of:

- Granting pregnant women "presumptive eligibility"--temporary eligibility either for 45 days or until their application is processed, whichever is shorter
- Omitting the review of pregnant women's assets when determining eligibility
- Continuing the eligibility of pregnant women for 60 days postpartum without requiring that their eligibility be redetermined

The legislative changes also acted as a catalyst for states to streamline their Medicaid application procedures and adopt aggressive outreach programs. Changes to the Medicaid program implemented by states included: shortening the Medicaid application forms; providing more information about the program; providing a common application form for the Medicaid, AFDC, and Food Stamp programs;

⁴Although, states with medically needy Medicaid programs are required to cover pregnant women and children whose income and resources are above the AFDC thresholds if (1) their income and resources are below the medically needy limit and (2) they would be categorically eligible for Medicaid if they had lower income and/or resources.

⁵Corson and McConnell (1990) provide a more detailed discussion of the legislative changes.

and "outstationing" Medicaid eligibility workers at sites where women receive prenatal care, such as hospitals, clinics, local health departments, and community and migrant health centers.

The Health Care Financing Administration (HCFA) predicted that the number of Medicaid recipients would rise dramatically--by about 2.5 million (11 percent)--between FY89 and FY90. The extent to which the Medicaid caseload was expected to increase varied by state. States whose AFDC income eligibility levels are low, such as Texas, were expected to experience much larger increases in their Medicaid caseloads than states whose AFDC income eligibility levels are high, such as New York. The General Accounting Office (1991) reported that between 65 and 75 percent of women made eligible for Medicaid by the expansions in Medicaid eligibility enrolled within two years of the changes in the eligibility limits. The most rapid increases in Medicaid enrollment occurred in states that had implemented presumptive eligibility and had dropped the assets test.

*2. How
has the
effect of
expansion
been?*

According to state Medicaid administrators, much of the increase in the number of Medicaid recipients was due to the changes in the income eligibility limits for pregnant women and children. However, the number of persons who received Medicaid and AFDC benefits also increased between FY89 and FY90, even though persons eligible for AFDC were not affected directly by the expansions in Medicaid eligibility. Respondents in our survey gave three reasons for the increase in the Medicaid-AFDC caseload: (1) the outreach programs and the streamlined application processes increased the number of all types of Medicaid recipients, (2) worsening economic conditions increased the number of persons eligible for AFDC and Medicaid, and (3) an increase in referrals from the FSP increased the number of Medicaid-eligible persons who chose to participate.

Because no direct link exists between eligibility for Medicaid and eligibility for the FSP, the changes in the Medicaid program did not increase the number of persons eligible for the FSP. However, the changes may have increased the number of FSP-eligible women and children who participated in the FSP, for the following reasons:

- Medicaid eligibility workers may inform clients about the benefits and eligibility limits of the FSP.
- For a person already applying for Medicaid, the additional "hassle" of applying for food stamps may be low. Some states have joint application forms for Medicaid and the FSP, and the Medicaid and FSP offices are often located in the same building.

Survey respondents in all states except Oregon believed that the increase in the number of Medicaid recipients caused at least some of the increase in FSP participation. In six states--Texas, Florida, Arizona, Missouri, North Carolina, and Minnesota--FSP administrators believed that the increase in the number of Medicaid recipients was an important factor behind the increase in FSP participation between FY89 and FY90. Some FSP and Medicaid administrators argued that the link between the two programs was strongest when Medicaid eligibility workers at health care centers informed clients about the FSP and when the programs shared a common application form (as they do in Arizona, for example).

Table III.5 shows the average monthly number of Medicaid-recipient households that entered the FSP between FY87 and FY90, calculated from the QC databases.⁶ Between FY87 and FY90, the number of Medicaid-recipient households that entered the FSP increased by about 38,000 (56 percent). The proportion of all households that entered the FSP that also received Medicaid increased from 26 percent in FY87 to 35 percent in FY88 but then declined to 30 percent in FY90. The increase in the number of Medicaid households accounts for about 40 percent of the total increase in the number of households that entered the FSP between FY87 and FY90. This proportion varies by broad region: the increase in the number of Medicaid households that entered the FSP can explain over 60 percent of the total increase in the number of households entering the FSP in the West and North Central regions, and about 30 percent in the Northeast and in the South.

⁶The QC databases do not indicate whether a household that received AFDC also received Medicaid. Since all AFDC households are eligible for Medicaid, we assume that all AFDC households received Medicaid.

TABLE III.5
CHARACTERISTICS OF MEDICAID HOUSEHOLDS THAT ENTERED THE FSP
(Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|---|--------------------------|-------------|-------------|--------------|
| | FY87 | FY88 | FY89 | FY90 |
| All Households that Receive Medicaid | 68 (26%) ^a | 90 (35%) | 96 (33%) | 106 (30%) |
| <u>By Region</u> | | | | |
| Northeast | 14 (48%) | 15 (48%) | 17 (37%) | 23 (40%) |
| North Central | 16 (27%) | 21 (39%) | 27 (41%) | 26 (34%) |
| South | 24 (21%) | 31 (26%) | 27 (23%) | 36 (23%) |
| West | 15 (30%) ^b | 23 (42%) | 24 (40%) | 21 (36%) |
| Receives Medicaid but not AFDC | 32 (47%) ^c | 32 (36%) | 43 (45%) | 46 (43%) |
| Receives Medicaid and AFDC | 36 (53%) ^c | 58 (64%) | 53 (55%) | 60 (57%) |
| <u>Receives Medicaid and Not AFDC</u> | | | | |
| Contains a Child, under age 7 | 12 | 11 | 15 | 16 |
| Contains a Child, age 7 to 17 | 8 | 9 | 10 | 14 |
| Contains a Nonelderly, Nondisabled, Male Adult, age > 17 | 7 | 6 | 10 | 7 |
| Contains a Nonelderly, Nondisabled, Female Adult, age > 14 | 15 | 17 | 21 | 26 |
| Contains an Elderly or Disabled Adult | 11 | 11 | 13 | 12 |
| Contains <u>either</u> a Child under age 7 or a Nonelderly, Nondisabled, Female Adult, age > 14 | 17 (53%) ^d | 18 (56%) | 24 (56%) | 29 (63%) |
| <u>Receives Medicaid and AFDC</u> | | | | |
| Contains <u>either</u> a Child under age 7 or a Nonelderly, Nondisabled, Female Adult, age > 14 | 35 (97%) ^e | 56 (97%) | 52 (98%) | 59 (98%) |
| Total Number of Households that Entered the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Program Quality Control databases

^aPercentage of all households entering the FSP

^bPercentage of all households entering the FSP in the region

^cPercentage of all households that receive Medicaid

^dPercentage of all households that receive Medicaid and not AFDC

^ePercentage of all households that receive Medicaid and AFDC

The expansions in Medicaid eligibility primarily affected pregnant women and children under age 7 who were not eligible for AFDC. However, the Medicaid outreach programs are targeted at all low-income pregnant women and children, many of whom would be eligible for AFDC. The number of Medicaid households that entered the FSP between FY87 and FY90 increased by 38,000; the number of households that received Medicaid but not AFDC increased by 14,000; and the number of households that received both Medicaid and AFDC increased by 24,000.

To narrow down the group of households that entered the FSP and were possibly affected by the expansions in Medicaid eligibility, Table III.5 shows the number of Medicaid-recipient households that contained either a child under 7 years of age or a nondisabled female between age 14 and 59 (potentially a pregnant or postpartum woman), according to whether they received AFDC. The increase in households containing these women and young children (an increase of 12,000) can account for 86 percent of the increase in FSP-entering households that received Medicaid but not AFDC. The number of AFDC households containing women and young children (an increase of 24,000) also increased and can account for all of the increase in FSP-entering households that received AFDC and Medicaid.

We used the full sample of FSP-households (both entering households and households continuing on the program) to estimate the proportion of the increase in the number of *persons* participating in the FSP between FY89 and FY90 that may have resulted from the impact of the changes in the Medicaid program. The number of FSP participants who may have been directly affected by the changes in the Medicaid eligibility limits--women aged between 14 and 59 and children aged under 7 who received Medicaid but not AFDC--increased by about 250,000 between the first two quarters of FY89 and the first two quarters of FY90. Hence, the changes in the Medicaid eligibility limits could explain about 25 percent of the increase in FSP participation between FY89 and FY90. However, this may overestimate the impact of the Medicaid changes because some persons in our category of persons who may have been affected by the expansions in Medicaid eligibility were not actually affected by the Medicaid

changes. For example, some women who receive Medicaid but not AFDC and are aged between 14 and 59 are not pregnant or postpartum.

Table III.6 shows the change in the number of FSP participants and the projected change in the number of Medicaid recipients between FY89.2 and FY90.2 in each of the nine Census divisions and four Census regions.⁷ Our average regression estimates suggest that 10 of every 100 new Medicaid recipients join the FSP. Under this assumption, changes in the number of Medicaid recipients can explain well over half of the increase in FSP participation in the East North Central and Pacific West divisions, and over 20 percent of the increase in the West North Central, East South Central, and Mountain West divisions. The figures also suggest that changes in the Medicaid program were not important in states in the New England, Middle Atlantic, and West South Central divisions. These estimates suggest that changes in the Medicaid program can explain about 24 percent of the increase in FSP participation in the United States--an estimate remarkably similar to the estimate of 25 percent made using the QC databases.

The estimates presented in Table III.6 are made using projections of the Medicaid caseload in FY90. Discussions with state Medicaid administrators suggest that these forecasts may turn out to be low. If this is the case, our estimates of the impact of the changes in the Medicaid program on FSP participation may also be low.

C. CHANGES IN THE FSP

The Stewart B. McKinney Homeless Assistance Act in 1987 and the Hunger Prevention Act in 1988 authorized some changes in eligibility requirements and changes in FSP outreach, benefit levels, and

⁷Only the projected numbers of Medicaid recipients in FY90 were available.

TABLE III.6
PROPORTION OF INCREASE IN FSP PARTICIPATION
BETWEEN FY89.2 AND FY90.2 EXPLAINED BY AN
INCREASE IN MEDICAID RECIPIENTS, BY REGION

| Census Geographic Region/Division | Change in FSP Participation | Change in Number of Medicaid Recipients | Proportion of Change in FSP Participation Explained by Change in the Number of Medicaid Recipients ^a |
|-----------------------------------|-----------------------------|---|---|
| Northeast | 194,732 | 26,854 | 1% |
| New England | 72,109 | -19,413 | -3% |
| Middle Atlantic | 122,623 | 46,267 | 4% |
| North Central | 108,700 | 520,171 | 48% |
| East North Central | 49,389 | 371,199 | 75% |
| West North Central | 59,311 | 148,972 | 25% |
| South | 543,895 | 693,309 | 13% |
| South Atlantic | 211,876 | 320,870 | 15% |
| East South Central | 66,134 | 191,624 | 29% |
| West South Central | 265,885 | 180,815 | 7% |
| West | 217,286 | 1,017,360 | 47% |
| Mountain West | 67,255 | 273,298 | 41% |
| Pacific West | 150,031 | 990,062 | 66% |
| Total | 1,064,613 | 2,503,694 | 24% |

SOURCE: USDA, Food and Nutrition Service and Department of Health and Human Services, Health Care Financing Administration

NOTE: Based on projected FY90 Medicaid caseloads

^aCalculated under the assumption that an increase in the number of Medicaid recipients of 100 increases the number of FSP participants by 10. This is the average of the estimates of the effect of the number of Medicaid recipients on FSP participation reported in Table A.1.

application procedures that may have increased FSP participation.⁸ Although these changes were perceived as relatively minor, nearly all of the FSP administrators and advocacy group directors who responded to our survey believed that changes in the FSP had contributed to the increase in FSP participation. FSP administrators in two states--Texas and Missouri--cited changes in the FSP as major causes of the increase in FSP participation in their states.

1. The Homeless Assistance Act

The purpose of the Homeless Assistance Act is to encourage homeless persons to obtain food stamp eligibility and benefits by (1) providing expedited service to homeless persons and persons whose shelter costs are high (made effective in December 1987), (2) changing the definition of the FSP household by allowing parents and their children who live with relatives to constitute a separate FSP household (made effective in October 1987), (3) providing 50 percent federal funding for outreach to homeless persons (made effective in July 1987), and (4) omitting all payments for temporary housing facilities provided by the state or local government from the computation of net income for the homeless (made effective in October 1987).

A FSP administrator in Florida believed that an increase in the number of homeless persons participating in the FSP was a major cause of the increase in FSP participation. The increase in homeless participants was attributed both to changes in the economy and to the Homeless Assistance Act. Although many of the FSP administrators in other states had noticed an increase in the number of homeless persons participating in the FSP, they believed that the number of homeless persons in the FSP was too small to explain a significant proportion of the increase in participation.

⁸Trippe and Doyle (1991) suggest that changes in FSP eligibility requirements introduced by the Food Security Act of 1985 may also have increased FSP participation. Although the Act was implemented in 1986, it may have taken a few years for the changes to have affected FSP participation. However, we found no evidence in the QC databases of an increase in the proportion of FSP-entering households that fit the categories of households affected by the Food Security Act (such as households consisting of an elderly person living alone).

The QC databases do not indicate whether a participating household is homeless. Consequently, these databases cannot be used to obtain a precise estimate of the increase in the number of households that entered the FSP that were homeless. To obtain a rough estimate of the magnitude of the increase, we examined the number of households that entered the FSP with no shelter costs and no earnings. Because homeless households have no shelter costs and are unlikely to have earnings in the months in which they are homeless, the set of households with no shelter costs and no earnings will include most of the homeless households entering the FSP.⁹

Table III.7 presents estimates of the number and characteristics of households with no earnings and no shelter costs that entered the FSP between FY87 and FY90. The number and proportion of all households that entered the FSP with no earnings and no shelter costs rose dramatically after FY87--increasing by about 47,000 (118 percent) between FY87 and FY90, and increasing as a proportion of all entering households from 15 percent in FY87 to 25 percent in FY90. About half of the increase in the number of households that entered the FSP between FY87 and FY90 and about one-quarter of the increase in the number of households that entered the FSP between FY89 and FY90 can be attributed to the increase in this type of household. A similar increase occurred in the number of households that had no shelter costs and no income of any kind. The increase in households with no earnings or shelter costs occurred in all regions. But it was particularly marked in the Northeast--the number of households that entered the FSP without earnings or shelter costs rose from 4,000 in FY87 to 18,000 in FY90 in the Northeast. These figures suggest that the FSP did experience at least some increase in homeless participants over this period. However, we caution that these figures almost certainly exaggerate the importance of homeless persons participating in the FSP. While some homeless persons may have

⁹ Although, Burt and Cohen (1988) estimated that 25 percent of homeless persons who use shelters or soup kitchens receive some income from working.

TABLE III.7
 CHARACTERISTICS OF HOUSEHOLDS THAT
 ENTERED THE FSP WITHOUT EARNINGS OR SHELTER COSTS
 (Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|---|--------------------------|-------------|-------------|-------------|
| | FY87 | FY88 | FY89 | FY90 |
| All Households with No Earnings and No Shelter Costs | 40 (15%) ^a | 48 (18%) | 60 (21%) | 87 (25%) |
| All Households with No Income of Any Kind and No Shelter Costs | 30 (75%) ^b | 34 (70%) | 45 (75%) | 65 (75%) |
| <u>By Region</u> | | | | |
| Northeast | 4 | 5 | 7 | 18 |
| North Central | 9 | 7 | 11 | 19 |
| South | 17 | 25 | 28 | 37 |
| West | 9 | 10 | 14 | 12 |
| <u>By Household Composition</u> | | | | |
| 1 nonelderly adult | 24 (59%) ^b | 20 (42%) | 32 (52%) | 41 (47%) |
| 1 elderly person | 1 (3%) | 1 (3%) | 1 (1%) | 2 (3%) |
| 1 nonelderly person with child | 11 (26%) | 18 (37%) | 16 (27%) | 29 (33%) |
| More than 1 nonelderly persons with child | 3 (6%) | 5 (9%) | 4 (7%) | 6 (7%) |
| More than 1 nonelderly persons without child | 1 (3%) | 2 (4%) | 2 (4%) | 2 (2%) |
| Others | 1 (2%) | 2 (4%) | 2 (4%) | 3 (4%) |
| Unknown | 0 | 0 | 2 (3%) | 4 (4%) |
| Total Number of Households that Entered the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Program Quality Control databases

^aPercentage of all households that entered the FSP

^bPercentage of all households that entered the FSP without earnings or shelter costs

earnings and thus not be included in our characterization, many of the households without earnings or shelter costs may not be homeless.¹⁰

a. Increased Availability of Expedited Service

Before 1987, households were eligible for expedited service--in which food stamp benefits are provided within five business days--only if their liquid assets were less than \$100 and they either (1) had a gross income of less than \$150 or (2) contained destitute seasonal or migrant workers. Effective in December 1987, the Homeless Assistance Act expanded the eligibility requirements for expedited service to (1) homeless households and (2) households whose gross income and liquid assets were less than their shelter costs. These legislative changes also prompted some states to provide selected clients with food stamps on the day they apply and to pre-screen clients for expedited service as soon as they arrive at the food stamp office.

Table III.8 shows the number and proportion of FSP-entering households that received expedited service and the number and proportion of households that would be eligible for expedited service in each year under the pre-1987 income rule and the post-1987 income rule.¹¹ The average monthly number of households receiving expedited service more than doubled between FY87 and FY90. About 30 percent of the households that entered the FSP received expedited service in FY90, compared with only 20 percent in FY87. The proportion of households that received expedited service may have increased for the following reasons:

¹⁰Burt and Cohen (1989) estimated that between 500,000 and 600,000 persons were homeless in the United States in one week in March 1987. About 18 percent of homeless persons who use shelters and soup kitchens receive food stamps (Burt and Cohen, 1988). Together these estimates suggest that, at most, about 11,000 homeless persons receive food stamps in a given week. Given these estimates it is unlikely that all 87,000 households with no shelter costs and no earnings that entered the FSP each month in FY90 were homeless.

¹¹As the QC databases do not identify whether a household is homeless or contains a migrant worker, the numbers presented in Table III.8 underestimate the number of households eligible for expedited service.

TABLE III.8

NUMBER AND PROPORTION OF HOUSEHOLDS THAT
 ENTERED THE FSP THAT RECEIVED OR WERE ELIGIBLE FOR EXPEDITED SERVICE
 (Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|---|--------------------------|--------------|--------------|--------------|
| | FY87 | FY88 | FY89 | FY90 |
| Received expedited service | 51 (20%) ^a | 64 (25%) | 85 (29%) | 108 (30%) |
| Gross income < \$150 and cash < \$100 | 89 (34%) | 91 (35%) | 113 (39%) | 140 (39%) |
| Gross income < \$150 and cash < \$100 or gross income + cash < shelter costs | 111 (43%) | 117 (45%) | 142 (49%) | 167 (47%) |
| Total Number of Households Entering the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Quality Control databases

^aProportion of all households entering the FSP

- Legislative changes made more households eligible for expedited service. In FY90, about 27,000 more households were eligible for expedited service each month under the new rules than would have been eligible under the pre-1987 rules.
- Changes in the economy made more households eligible for expedited service. This is consistent with the increase between FY87 and FY90 in the number of households that were eligible for expedited service under both the pre-1987 and post-1987 eligibility rules.
- A greater proportion of households eligible for expedited service actually received expedited service in FY90 than in FY87. The proportion of households eligible for expedited service that received it rose from 57 percent in FY87 to 65 percent in FY90. Provisions to pre-screen clients for expedited service may have increased the proportion of eligible households that received expedited service.

FSP administrators in five states reported that the increased availability of expedited service increased the number of FSP-eligible persons who chose to participate in the program. However, with the available data, we are unable to quantify the impact on FSP participation of the increased availability of expedited service.

b. Change in the Definition of the FSP Household

The Homeless Assistance Act allows parents with minor children who live with their parents or siblings but prepare food separately from those relatives to be considered a separate FSP household. This change increased the number of households eligible for the FSP and increased the size of benefits to other households. FSP administrators in five states believed that the changes in the definition of the FSP households increased the number of households that participate in the FSP.

Many of the new FSP households that consist of parents and their children living with relatives may have no shelter costs. In Table III.7, we break-down the number of households with no earnings or shelter costs according to household composition. Approximately half of the households with no earnings or shelter costs consist of one nonelderly person. However, the importance of these one-person households declined over time. The households that consist of nonelderly persons and their children--the type of household affected by the change in the FSP household definition--increased from 32 percent

of all households with no earnings or shelter costs in FY87 to 40 percent in FY90. This suggests that the change in the FSP household definition might explain some of the increase in households that entered the FSP without earnings or shelter costs.

2. Improved Accessibility to the FSP

In Texas, improved accessibility to the FSP was cited as one of the two principal causes of the increase in FSP participation. In three other states--Arizona, Florida, and Missouri--FSP administrators believed that improved accessibility to the FSP had contributed to the increase in FSP participation. The following changes in accessibility were mentioned by state FSP administrators:

- The introduction of "one-stop shopping," in which a client for any one program is automatically checked for eligibility for other assistance programs
- The introduction of a common application form for the Food Stamp and AFDC programs (mandated by the Hunger Prevention Act)
- The shortening of application forms
- The elimination of monthly reporting for some recipients (authorized by the Hunger Prevention Act)
- The replacement of retrospective budgeting in which the computation of the household's food stamp allocation is based on income in the previous month with prospective budgeting in which the computation is based on income in the current month (authorized by the Hunger Prevention Act)

3. Increased Outreach

The Hunger Prevention Act expanded the 50 percent federal funding for outreach to outreach targeted at *any* low-income persons (and not just homeless persons). However, only 10 states had federal funds approved for outreach in FY91. In addition to federal funding, many non-profit organizations such as community action groups also sponsor outreach programs for the FSP. However, in most of the states that participated in our survey, outreach efforts were minimal. The exception was Missouri, where an aggressive outreach program targeted at all low-income persons was implemented in

response to concerns about the low rate of participation in the FSP. FSP administrators in Missouri attributed much of the increase in FSP participation in their state to this outreach program.

4. Other Changes in the FSP

State and county FSP administrators believed that other changes in the FSP that could have caused the increase in FSP participation were unimportant. These changes included:

- Increased maximum benefit allotments
- Relaxed verification requirements--viewed as having any effect only in Texas
- Longer certification periods. The average certification period of households on the FSP fluctuated slightly from year to year: in FY87 it was 8.7 months, in FY88 it was 9.8 months, and in FY90 it was 9.3 months. FSP administrators in Texas believed that longer certification periods may have had a minor impact on FSP participation; FSP administrators in other states in our survey dismissed the impact of the length of the certification period as unimportant.

D. IMMIGRATION LEGISLATION

The 1986 Immigration Reform and Control Act (IRCA) instituted two programs to legalize undocumented aliens residing in the United States. The first program, the Legally Authorized Workers (LAWS) program--commonly referred to as the "Amnesty Program"--permitted aliens who had been residing in the United States since January 1, 1982 to apply for permanent-resident status. The second program, the Special Agricultural Workers (SAWS) program, authorized temporary-resident status for perishable crop agricultural workers.

Most legally authorized workers were prohibited from receiving food stamps for a period of five years after they received resident status. However, with the removal of the threat of deportation, these workers may have become more willing to apply for food stamps for their U.S.-born children. The special agricultural workers were permitted to receive food stamps after they received temporary-resident status. Granting legal status to SAWS increased the number of persons eligible for the FSP while granting legal

status to LAWS only increased the probability of the immigrant applying for food stamps for their U.S.-born children.

Applications for the two programs were first taken in May 1987. By the end of FY90, about 1.6 million legally authorized workers and nearly 600,000 special agricultural workers had received resident status. The LAWS and SAWs are highly concentrated in some states. Over half of the 2.2 million LAWS and SAWs who had been granted resident status by the end of FY90 resided in California. Texas, Florida, New York, and Illinois all contained over 100,000 LAWS and SAWs at the end of FY90.

Corson and McConnell (1990) conjectured that the IRCA legislation may have been one of the more important causes of the increase in FSP participation. However, no FSP administrator who responded to our survey believed that the IRCA legislation was a major factor behind the increase in FSP participation. FSP administrators in five states--California, Florida, Arizona, Georgia, and Minnesota--had noticed an increase in the number of immigrants affected by IRCA who applied for food stamps. But even in these states, the effect of IRCA was localized in certain counties.

Table III.9 shows the increase in the total number of LAWS and SAWs who have been granted resident status and the change in FSP participation between FY89.2 and FY90.2 in each of the nine Census divisions and four Census regions. Although an increase in the number of SAWs increases the number of persons eligible for the FSP and an increase in the number of LAWS only increases the number of eligible persons who may choose to participate in the FSP, the estimated impact on FSP participation of an increase in LAWS was not statistically different from the estimated impact of an increase in SAWs.¹² The regression models suggest that FSP participation increased by about 20 persons for every 100 new legally authorized or special agricultural workers. If this was the case, the increase in the number of LAWS and SAWs can explain about 16 percent of the increase in FSP

¹²Hence, we estimated the models using the sum of the number of LAWS and SAWs as an explanatory variable.

TABLE III.9

**PROPORTION OF INCREASE IN FSP PARTICIPATION
BETWEEN FY89.2 AND FY90.2 EXPLAINED BY AN INCREASE
IN LAWS AND SAWS, BY REGION**

| Census Geographic Region/Division | Change in FSP Participation | Change in Number of LAWS and SAWS (lagged two quarters) | Proportion of Change in FSP Participation Explained by Change in the Number of LAWS and SAWS ^a |
|-----------------------------------|-----------------------------|---|---|
| Northeast | 194,732 | 9,991 | 1% |
| New England | 72,109 | 1,649 | 0.5% |
| Middle Atlantic | 122,623 | 8,342 | 1% |
| North Central | 108,700 | 9,856 | 2% |
| East North Central | 49,389 | 8,475 | 3% |
| West North Central | 59,311 | 1,381 | 0.5% |
| South | 543,895 | 67,652 | 2% |
| South Atlantic | 211,876 | 38,292 | 4% |
| East South Central | 66,134 | 567 | 0 |
| West South Central | 265,885 | 28,793 | 2% |
| West | 217,286 | 134,926 | 12% |
| Mountain West | 64,561 | 15,554 | 5% |
| Pacific West | 152,725 | 119,372 | 16% |
| Total | 1,064,613 | 222,425 | 4% |

SOURCE: USDA, Food and Nutrition Service and Immigration and Naturalization Service

^a Calculated under the assumption that an increase in the number of LAWS and SAWS of 100 increases the number of FSP participants by 20. This is the average of the estimates of the effect of the number of LAWS and SAWS on FSP participation reported in Table A.1.

participation in the Pacific West, but less than 5 percent of the increase in any other Census division.

In the United States as a whole, under the same assumption, IRCA legislation can explain only about 4 percent of the increase in FSP participation.

Table III.10 shows the number and proportion of FSP-entering households headed by an immigrant.¹³ The proportion of households headed by an immigrant increased from 5 percent in FY87 to 8 percent in FY90. Between FY89 and FY90 the number of immigrant households increased by about 12,000 and can account for about 19 percent of the total increase in households entering the FSP. The immigrant households that entered the FSP were concentrated in the South (in Texas) and were primarily Hispanic. It is surprising that the number of households headed by an immigrant did not change in the West, even though more than half of the LAWS and SAWS reside in California.

As some of the immigrant households that entered the FSP between FY87 and FY90 were not affected by IRCA, our estimate that 19 percent of the increase in households that entered the FSP was a result of IRCA is an upper-bound estimate of the impact of IRCA. The true impact of IRCA may have been much smaller than this estimate. Discussions with FSP administrators in our survey suggested that the true impact of IRCA on FSP participation was closer to the 4 percent estimate made using state-level data.

E. DEMOGRAPHIC AND SOCIOLOGICAL CHANGES

FSP administrators in only two states--Arizona and Florida--believed that demographic changes were an important cause of the increase in FSP participation. Both Arizona and Florida had experienced a higher-than-average rate of population growth due to net migration from other states. According to survey respondents, many of these migrants arrived in the state with no jobs and few resources and hence

¹³We use a broad definition of immigrant including persons with both temporary and permanent resident status.

TABLE III.10
 CHARACTERISTICS OF HOUSEHOLDS THAT
 ENTERED THE FSP WITH AN IMMIGRANT HOUSEHOLD HEAD
 (Average Monthly Number of Households in Thousands)

| | First Two Quarters of: | | | |
|--|-------------------------|------------|------------|------------|
| | FY87 | FY88 | FY89 | FY90 |
| Total | 13 (5%) ^a | 12 (5%) | 17 (6%) | 29 (8%) |
| <u>Race/Ethnicity</u> | | | | |
| White | 1 | 2 | 3 | 3 |
| Black | 0 | 1 | 0 | 1 |
| Hispanic | 10 | 7 | 13 | 22 |
| Other/unknown | 3 | 2 | 1 | 4 |
| <u>Region</u> | | | | |
| Northeast | 1 | 2 | 6 | 5 |
| North Central | 1 | 1 | 1 | 2 |
| South | 6 | 3 | 7 | 17 |
| West | 5 | 5 | 3 | 5 |
| Total Number of Households that Entered the FSP | 260 | 261 | 291 | 355 |

SOURCE: Food Stamp Program Quality Control databases

^aPercentage of all households that entered the FSP

were eligible for the FSP. In the other states, the rate of population growth was not thought to be ~~fa~~ enough to explain the large increase in FSP participation.

In Texas and Florida, AFDC administrators cited an increase in female-headed households as a possible cause of the increase in both AFDC and FSP participation. But there is little corroborating evidence that the increase in female-headed households was large enough to account for a substantial fraction of the total increase in FSP and AFDC participation, although this factor may have made a relatively minor contribution to the increase. *QC data indicate that*

No state or county FSP administrator who participated in our survey believed that a change in attitudes towards welfare had caused a significant change in the willingness of eligible households to participate in the FSP.

F. CHANGES IN OTHER ASSISTANCE PROGRAMS

Participation in both the WIC and AFDC programs increased at about the same time as the increase in FSP participation. However, we have only weak evidence that increased participation in either of these assistance programs caused any of the increase in FSP participation.

1. Increased Participation in the AFDC Program

Participation in the AFDC program is highly correlated with participation in the Food Stamp Program. The close link between the two programs, which share a common application form and certification interview, was stressed by many of the survey respondents. Yet in only three of the surveyed states--Texas, Florida, and North Carolina--did FSP or AFDC administrators believe that the increase in AFDC participation had *caused* any of the increase in FSP participation.¹⁴ Even in these states,

¹⁴In Texas and Florida an increase in births to unmarried mothers was cited as a cause of the increase in AFDC participation. In North Carolina, FSP administrators attributed the increase in AFDC participation to a change in the benefit and eligibility determination process.

FSP administrators believed that an increase in AFDC participation was only a minor factor behind the increase in FSP participation.

In other surveyed states, AFDC administrators attributed the increase in AFDC participation to either an increase in FSP participation or to the same set of factors that caused the increase in FSP participation. Some of the factors that we have identified as possible causes of the increase in FSP participation, such as changes in the economy and improved access to the Medicaid program, may also have increased AFDC participation. However, other factors that may have increased FSP participation, such as expansions in Medicaid eligibility and the IRCA legislation, are less likely to have affected AFDC participation. The expansions in Medicaid eligibility would not have affected AFDC participation because AFDC-eligible persons have always been eligible for Medicaid. Neither legally authorized workers nor special agricultural workers are eligible for AFDC.

No respondent to our survey believed that the introduction of either the AFDC-Unemployed Parents (AFDC-UP) or the Job Opportunities and Basic Skills (JOBS) programs had a major impact on FSP participation. The introduction of the AFDC-UP programs either did not occur at the same time that FSP participation increased or did not involve a sufficiently large number of persons to affect FSP participation significantly. The JOBS program was introduced in many states after the start of the increase in FSP participation, it often replaced similar employment and training programs, and according to many AFDC administrators, reduced rather than increased AFDC and, hence, FSP participation.

2. Increased Participation in the WIC Program

Participation in the WIC program increased by nearly 438,000 persons (11 percent) between FY89.2 and FY90.2, due primarily to the introduction of cost-containment initiatives. The most important of these initiatives was the infant formula rebates in which state agencies contract with infant formula manufacturers and receive rebates on purchases of infant formula by WIC participants. The savings achieved through these rebates permitted the program to serve more people. However, none of the survey

respondents believed that the increase in WIC participation had a major impact on FSP participation, and only survey respondents in Texas, Michigan, Missouri, and North Carolina believed that the increase in WIC participation had any affect on FSP participation. Both FSP and WIC state administrators considered the link between the WIC and Food Stamp programs much weaker than the link between the Medicaid, AFDC, and Food Stamp programs because (1) none of the states in our survey have a joint application form for WIC and the Food Stamp programs, (2) the two program offices are usually in different locations, and (3) although WIC eligibility workers are supposed to inform clients about the FSP, according to some WIC administrators, they do not always do so. The QC databases showed no increase in the proportion of women or children (persons who could be WIC participants) who entered the FSP between FY89 and FY90.¹⁵ And our state data did not show any stable relationship between the increase in FSP participation and the increase in WIC participation.

G. SUMMARY

We summarize our findings about each of the six hypothesized causes of the increase in FSP participation from the three research methodologies in Table III.11. The findings from these three methodologies are consistent in that they suggest that changes in the economy and changes in the Medicaid program were the two most important reasons for the increase in FSP participation between FY89 and FY90.

The role of unemployment in the increase FSP participation varied considerably by region. While the increase in unemployment can account for over half of the increase in FSP participation in the New England, Middle Atlantic, and East North Central regions, it can explain none of the increase in the South and West regions. Our estimates based on state-level data suggest that the increase in aggregate unemployment can explain about 9 percent of the total increase in FSP participation. As the proportion

¹⁵The QC databases do not indicate whether a household receives WIC benefits.

TABLE III.11

THE CAUSES OF THE INCREASE IN FSP PARTICIPATION BETWEEN FY89 AND FY90:
SUMMARY OF MAJOR FINDINGS FROM EACH RESEARCH METHODOLOGY

| Hypothesis | State-Level Data | Household-Level Data (QC) | Survey of Administrators of FSP and Other Assistance Programs |
|---------------------------------|---|---|---|
| Changes in the Economy | The increase in unemployment explains about 9 percent of the increase in FSP participation nationwide and more than 50 percent of the increase in states in the Northeast, Middle Atlantic, and East North Central regions. | The proportion of households entering the FSP that had earnings did not change suggesting that the increase in the number of working poor was as important as the increase in unemployment in explaining the rise of FSP participation. | All FSP administrators believed that an increase in unemployment and/or an increase in the number of working poor contributed to the increase in FSP participation. This was especially true in Midwestern and Northeastern states. Rising food and shelter costs also contributed to the increase. |
| Changes in the Medicaid Program | The increase in the number of Medicaid recipients increased FSP participation by about 24 percent. This factor was most important in Western and North Central states. | An increase in persons that may have been affected by changes in Medicaid eligibility (non-AFDC women and young children) can account for about 25 percent of the increase in FSP participation. | Nearly all FSP administrators believed that changes in Medicaid caused some of the increase in FSP participation. In six states the changes were thought to be especially important in explaining the increase. |
| Changes in the FSP | | Three factors suggest that the Homeless Assistance Act contributed to the increase: (1) an increase in households entering the FSP with characteristics of homeless households; (2) an increase in households that may have been affected by the change in the household definition; and (3) an increase in the use of expedited service. | Changes in the FSP were believed to have contributed to the increase in FSP participation in nearly all states in the survey. The following changes in the FSP were cited as important: the Homeless Assistance Act, improved accessibility, and (in Missouri) increased outreach. |

TABLE III.11 (continued)

| Hypothesis | State-Level Data | Household-Level Data (QC) | Survey of Administrators of FSP and Other Assistance Programs |
|--------------------------------------|---|--|---|
| Immigration Legislation | The increase in the number of LAWS and SAWS can explain about 4 percent of the increase in FSP participation nationwide and about 12 percent of the increase in the West. | The increase in the number of immigrant households (not only LAWS and SAWS) entering the FSP can account for about 19 percent of the increase in households entering the FSP nationwide. | The impact of the immigration legislation on FSP participation was viewed as localized and relatively unimportant. |
| Demographic and Sociological Changes | | | Population increases were viewed as important only in Arizona and Florida. Other factors were viewed as only minor. |
| Changes in Other Assistance Programs | | There was no significant change in the proportion of AFDC households entering the FSP. | Changes in the AFDC and WIC programs were not viewed as important causes of the increase. |

of households entering the FSP with earnings did not change between FY89 and FY90, an increase in the number of working poor was probably as important a cause of the increase in FSP participation as the increase in the number of unemployed.

Our analysis of both the state- and household-level data suggests that the changes in the Medicaid program accounted for as much as one-quarter of the increase in FSP participation. The changes in the Medicaid program were especially important in Western and North Central states and least important in Northeastern states.

Our analysis suggests that changes in the FSP, immigration legislation, and population growth may also have contributed to the increase in FSP participation. While we cannot quantify the importance of changes in the FSP, the large changes in the number of households entering the FSP that may have been affected by the changes in the FSP (such as the increase in the number of entering households with no shelter costs) suggest that these program changes may have significantly contributed to the increase in FSP participation. The increase in immigrant households entering the FSP can account for about 19 percent of the total increase in households entering the FSP between FY89 and FY90. However, many of these immigrant households may not have been affected by IRCA. Our state-level analysis suggests that immigration legislation accounted for about 4 percent of the increase in FSP participation. Our interviews with state administrators suggest that the true impact of IRCA on FSP participation is closer to our 4 percent estimate. Population growth was thought to have contributed to the increase in FSP participation in Florida and Arizona.

None of our research methodologies provided any evidence that sociological changes, demographic factors other than population growth, or growth of assistance programs other than Medicaid had any significant impact on FSP participation.

IV. THE INCREASE IN FSP PARTICIPATION IN EIGHT STATES

In this chapter, we examine the characteristics and causes of the increase in FSP participation in eight states: Texas, California, Arizona, Florida, New York, Michigan, New Jersey, and Massachusetts. It is helpful to study the increase in FSP participation on a state-by-state basis because the reasons for the increase vary by state, and because much of the total increase in FSP participation can be accounted for by the increase in FSP participation in only a few states.

We chose this set of eight states for four reasons. First, all eight states experienced a large absolute increase in FSP participation--together, they accounted for nearly 70 percent of the total increase in FSP participation in the United States between FY89.2 and FY90.2. Second, the set includes states that experienced each of the three patterns of increase in FSP participation identified in Chapter II: a steady increase, an early upturn, and a late upturn in FSP participation. Third, the set includes states from each region of the United States. And, fourth, we were able to speak with FSP administrators and the administrators of other assistance programs in each state. These eight states illustrate all of the important characteristics and causes of the increases in FSP participation experienced by the fifteen states that participated in our survey.

We can divide the eight states into three categories according to the reasons for the increase in FSP participation between FY89 and FY90:

1. States in which changes in the economy played only a minor role in the increase in FSP participation (Texas, California, and Arizona)
2. States in which an increase in unemployment accounted for some of the increase in FSP participation but in which factors unrelated to the state of the economy also played an important role (Florida, New York, and Michigan)
3. States in which an increase in unemployment and other changes in the economy were the major reasons for the increase in FSP participation (New Jersey and Massachusetts)

A. STATES IN WHICH CHANGES IN THE ECONOMY PLAYED ONLY A MINOR ROLE IN THE FSP PARTICIPATION INCREASE

In Texas, California, and Arizona, FSP participation increased between FY89 and FY90 despite booming state economies and declining unemployment. The reasons for the increase in FSP participation vary by state with at least two major factors behind the rise in FSP participation in each state. Only the changes in the Medicaid program were cited as a major cause of the increase in FSP participation in all three states. All three states experienced an increase in FSP participation beginning before FY87, but the upturn occurred at different times in each state. And all three states experienced large absolute increases in FSP participation: together, they accounted for over 40 percent of the total increase in FSP participation between FY89.2 and FY90.2.

1. Texas

FSP participation in Texas increased by about 250,000 persons (16 percent) between FY89.2 and FY90.2. This is the largest absolute increase in FSP participation experienced by a state between FY89 and FY90, accounting for about 24 percent of the total increase in FSP participation in the United States. Figure IV.1 shows the pattern of FSP participation and unemployment in Texas between FY84 and FY90. FSP participation in Texas began to increase in FY85, and continued to rise steadily throughout the rest of the 1980s and all of 1990.

It is helpful to separate the increase in FSP participation in Texas into three time periods: (1) between FY86 and mid-FY87, (2) between mid-FY87 and mid-FY88, and (3) between mid-FY88 and mid-FY90. In Table IV.1, we use our regression estimates obtained from state-level data for all 50 states and the District of Columbia to simulate the impact of changes in the number of unemployed, the number of Medicaid recipients, and the number of LAWS and SAWs on FSP participation in each of these three time periods.

Between FY84.2 and FY87.2, Texas experienced a dramatic increase in unemployment of about 232,000 persons (46 percent). Much of the increase in FSP participation in this period was probably due to this increase in unemployment. Our estimates suggest that the increase in unemployment can explain about 60 percent of the increase in FSP participation between FY86.2 and FY87.2.

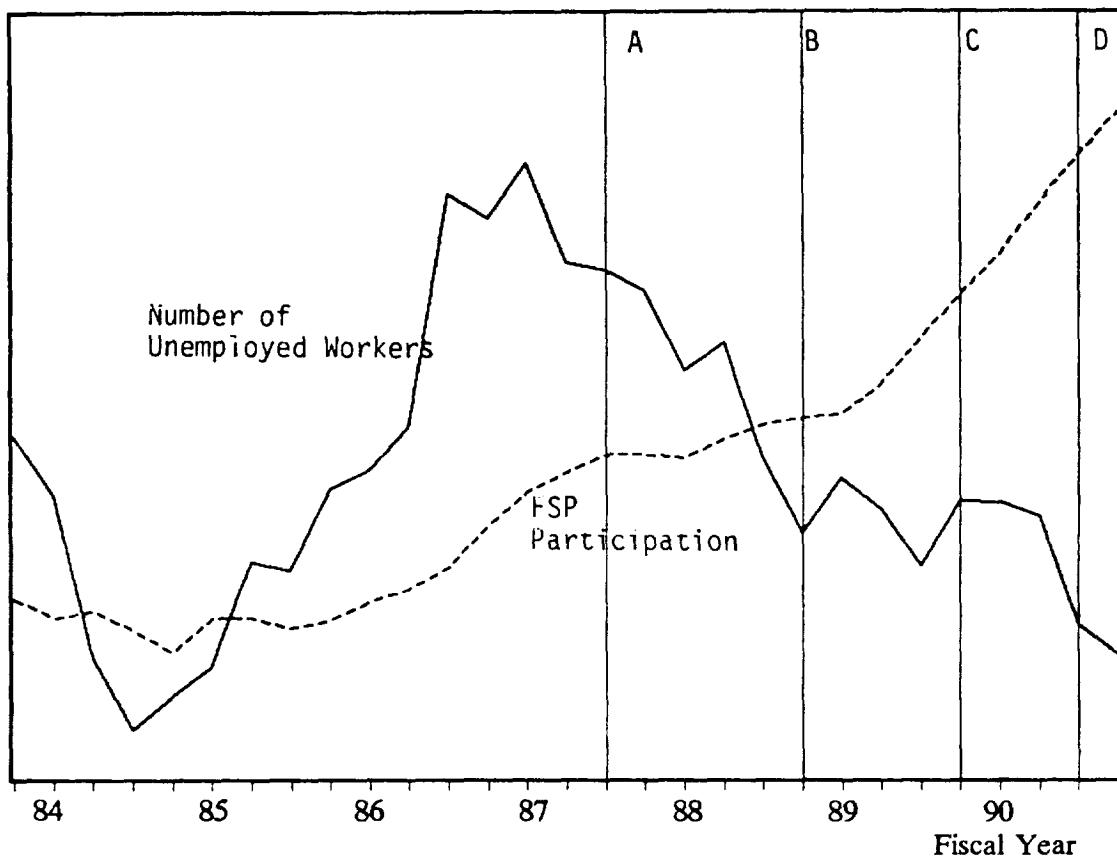
The causes of the increase in FSP participation between FY87.2 and FY88.2 are less clear. At this time, the Texas economy was recovering, and unemployment was falling. Because unemployment fell our simulations predict that, if no other factor had changed, FSP participation would have fallen. Our simulations suggest that the legalization of LAWS and SAWS, which began in FY87.3, may have accounted for about 40 percent of the increase in FSP participation between FY87.2 and FY88.2. However, Texas FSP administrators argued that the IRCA legislation did not have a significant effect on FSP participation. A FSP administrator in El Paso noted that the expected influx of legally authorized workers and special agricultural workers into the FSP did not occur. FSP administrators believed that the Homeless Assistance Act, which became effective in FY88.1, had contributed to the increase in FSP participation during this middle time-period but was not a major factor.

Texas FSP administrators argued that two factors had an important impact on FSP participation between FY88.2 and FY90.2: (1) changes in the Medicaid program, and (2) increased accessibility to the FSP.

a. Changes in the Medicaid Program

Due to concerns about high infant mortality, Texas was one of the first states to take advantage of the changes in the Medicaid regulations. Before September 1988, the income eligibility threshold for a family of three was 22.8 percent of the poverty level. In September 1988, Texas raised its Medicaid income eligibility threshold for pregnant women and children under age 2 to 100 percent of the poverty level. A year later, it raised the income eligibility threshold for pregnant women and children under age 1 to 130 percent of the poverty level, and for children aged between 2 and 4 to

FIGURE IV.1
FSP PARTICIPATION AND UNEMPLOYMENT IN TEXAS: FY84 TO FY90



- A: First aliens given resident status under IRCA legislation
- B: September 1988, increase in Medicaid income eligibility threshold for pregnant women and children
- C: September 1989, increase in Medicaid income eligibility threshold for pregnant women and children
- D: April 1990, increase in Medicaid income eligibility threshold for pregnant women and children

TABLE IV.1

PROPORTION OF INCREASE IN FSP PARTICIPATION IN TEXAS
 EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM, AND
 IMMIGRATION LEGISLATION

| | Time Period | | |
|-------------------------------|------------------|--------------------|------------------|
| | FY86.2 to FY87.2 | FY87.2 to FY88.2 | FY88.2 to FY90.2 |
| Increase in FSP participation | 164,747 | 47,176 | 332,669 |
| <u>Explanatory Variable</u> | | | |
| Number of Unemployed | 61% | -143% ^a | -13% |
| Number of Medicaid recipients | 6% | 16% | 8% |
| Number of LAWS and SAWS | 0 | 43% | 14% |
| Total Explained | 67% | -84% | 9% |

NOTE: The percentage explained by each variable is calculated by multiplying the change in the explanatory variable by an estimate of its impact on FSP participation.

^aA negative value indicates that the value of the explanatory variable fell.

100 percent of the poverty level. In April 1990, Texas raised the income eligibility threshold for pregnant women and children under age 6 to 133 percent of the poverty level. Texas also introduced other changes to encourage the use of Medicaid, including shortening the application form, providing presumptive eligibility for pregnant women, and outstationing Medicaid eligibility workers at health care centers.

Mainly because of these program changes, the Medicaid caseload increased by over 123,000 (12 percent) between FY88 and FY89 and was predicted to increase by a further 148,000 (13 percent) between FY89 and FY90. FSP caseworkers believed that many of the new Medicaid recipients were referred to the FSP. Survey respondents in Texas especially stressed the role of Medicaid eligibility workers at health care centers--these workers often screened clients for the Food Stamp and AFDC programs in addition to Medicaid. Some hospitals in Texas even require that Medicaid recipients apply for food stamps before the hospitals provide medical care (Collins, 1990). Our simulation estimates, based on forecasts of FY90 Medicaid caseloads, suggest that the increase in the number of Medicaid recipients explains about 16 percent of the increase in FSP participation between FY87.2 and FY88.2 and 8 percent of the increase between FY88.2 and FY90.2. Discussions with program administrators in Texas suggest that these estimates are low. The importance of the expansions in Medicaid is consistent with the fact that Texas experienced a large increase in its NPA caseload--the women and children affected by the higher Medicaid income eligibility limits would not be eligible for AFDC.

b. Improved Accessibility to the FSP

There was a concern in Texas that the lack of information and the "hassles" associated with applying for welfare programs were a barrier to participation in assistance programs, preventing many eligible persons from applying for assistance. In response, in 1989 Texas introduced a large number of changes to its operation of the FSP to reduce these barriers. Some of these changes were

authorized by the Hunger Prevention Act, but most were initiated by the state. The changes included:

- Introducing one-stop shopping
- Increasing the number of FSP offices
- Providing especially needy clients with food stamps on the day they apply
- Increasing the number of eligibility workers and the number of volunteer workers who help persons fill out application forms
- Shortening the application form
- Eliminating monthly reporting
- Replacing retrospective budgeting with prospective budgeting in determining eligibility and benefit amounts

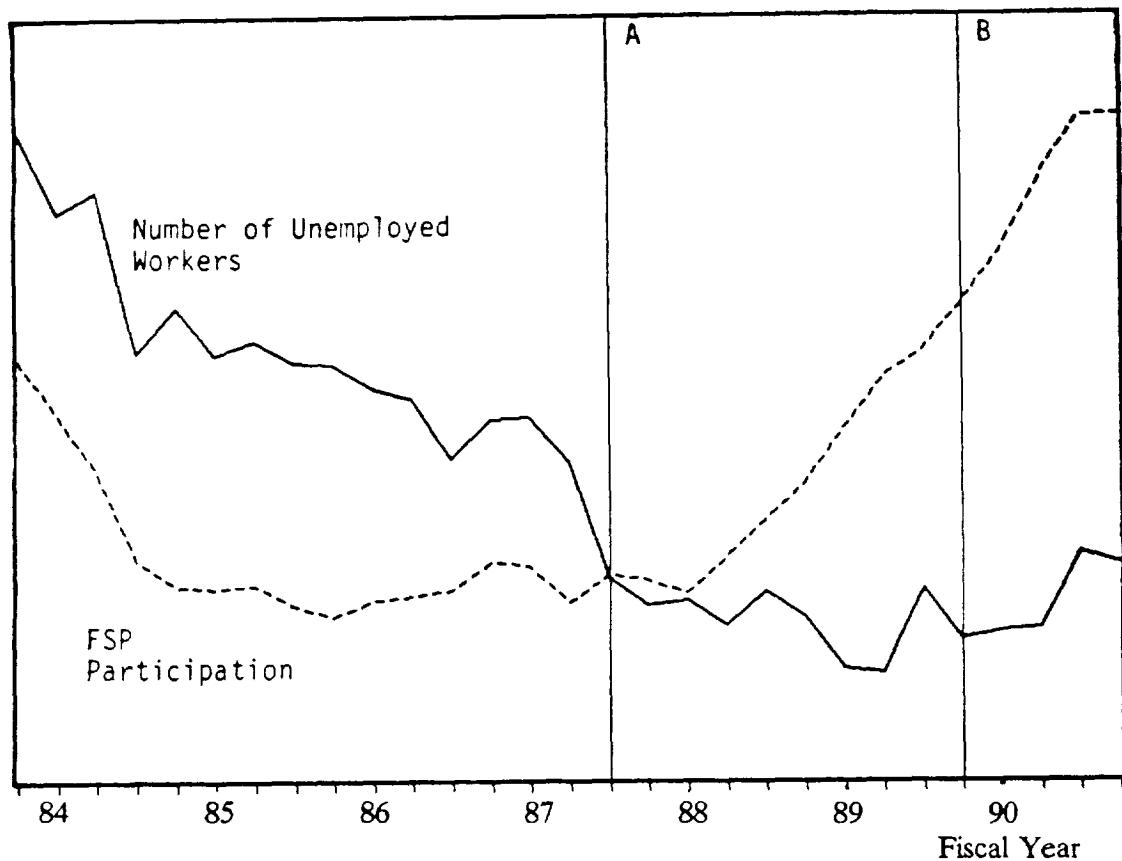
2. California

FSP participation in California increased by 137,000 (8 percent) between FY89.2 and FY90.2--the second largest absolute increase in FSP participation in all 50 states. Figure IV.2 shows the number of FSP participants and the number of unemployed workers in California between FY84 and FY90. FSP participation fell steadily throughout the early 1980s when unemployment was falling. In about FY85, FSP participation stopped falling and began to increase gradually, despite a continuing decline in unemployment. At the beginning of FY88, FSP participation in California began to increase at a faster rate.¹

FSP administrators in California did not fully understand the causes of the increase in FSP participation. They did not believe that any one factor had a major impact on FSP participation over this period, but they cited three factors as possibly contributing to the increase: (1) IRCA legislation, (2) changes in the Medicaid program, and (3) changes in the economy.

¹However, after FY90.3 FSP participation in California increased at a slower rate.

FIGURE IV.2
FSP PARTICIPATION AND UNEMPLOYMENT IN CALIFORNIA: FY84 TO FY90



A: First aliens given resident status under IRCA legislation

B: Increase in Medicaid income eligibility threshold for pregnant women

TABLE IV.2

PROPORTION OF INCREASE IN FSP PARTICIPATION IN CALIFORNIA
EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM,
AND IMMIGRATION LEGISLATION

| | Time Period | |
|-------------------------------|-------------------|------------------|
| | FY88.2 to FY89.2 | FY89.2 to FY90.2 |
| Increase in FSP participation | 121,000 | 136,667 |
| <u>Explanatory Variable</u> | | |
| Number of Unemployed | -23% ^a | 11% |
| Number of Medicaid recipients | -29% | 70% |
| Number of LAWS and SAWS | 112% | 16% |
| Total Explained | 60% | 97% |

NOTE: The percentage explained by each variable is calculated by multiplying the changes in the explanatory variable by an estimate of its impact on FSP participation.

^aA negative value indicates that the value of the explanatory variable fell.

a. IRCA Legislation

By the end of FY90, 907,000 and 274,000 immigrants had been granted resident status in California under the LAWS and SAWS programs, respectively. The first immigrants in these programs were granted resident status in FY87.3, six months before FSP participation began to accelerate in California. Based on our estimate of an increase in FSP participation of 20 persons for every 100 newly legalized immigrants under these two programs, the IRCA legislation can account for *all* of the increase in FSP participation in California between FY88.2 and FY89.2 and 16 percent of the increase between FY89.2 and FY90.2 (see Table IV.2).

Despite the size and timing of the increase in the number of immigrants, California FSP administrators do not believe that the IRCA legislation was responsible for a significant proportion of the increase in FSP participation. Even in Southern California, a county FSP administrator had noticed only a "slight" increase in the number of special agricultural workers who applied for food stamps. This viewpoint is consistent with our finding from the analysis of the QC databases that the number of immigrant households that entered the FSP in the West did not increase between FY87 and FY90.

The apparent lack of immigrants who entered the FSP in California is puzzling given the large increase in the number of immigrants given resident status in California. Even if none of the children of legally authorized workers joined the FSP and if only 7.5 persons joined the FSP for every additional 100 legalized special agricultural workers--the rate of participation in the FSP for the U.S. population as a whole--the increase in immigrants would explain about 8 percent of the increase in FSP participation in California between FY88.2 and FY89.2 and 5 percent of the increase in FSP participation between FY89.2 and FY90.2.

b. Changes in the Medicaid Program

In July 1989, California increased the Medicaid income eligibility level for pregnant women from 82.1 percent of the poverty level (for a family of three) to 185 percent of the poverty level. Also at about that time, California introduced presumptive eligibility for pregnant women, an outreach program targeted at pregnant women, and outstationed eligibility workers at health care centers. Due primarily to these changes, the number of Medicaid recipients in California increased from 3.3 million in FY89 to a projected 4.3 million in FY90.

FSP administrators in California believed that the increase in the number of Medicaid recipients could explain some of the increase in FSP participation in California, especially in areas with multi-program offices. Our simulation estimates suggest that the increase in the number of Medicaid recipients explains about 70 percent of the increase in FSP participation in California between FY89.2 and FY90.2 (see Table IV.2). This estimate seems high given that the FSP administrators in California argued that the expansions in Medicaid did not have a large-scale impact on FSP participation. A possible explanation for our high estimate is that the simulation exercises are based on the *average* impact of all U.S. Medicaid recipients on FSP participation. But, many of the newly eligible Medicaid recipients in California are income ineligible for food stamps. Hence, it may be that the impact of the new Medicaid legislation on FSP participation in California is lower than in most states and, thus, the estimated Medicaid effect shown in the second column of Table IV.2 is probably too large.

c. Changes in the Economy

After many years of declining unemployment, unemployment began to increase gradually in California between FY89 and FY90. Our simulation estimates suggest that an increase in unemployment could account for about 11 percent of the increase in FSP participation between FY89.2 and FY90.2. This impact of unemployment on FSP participation is consistent with the

increase in the length of time that households are spending on the FSP in the West. FSP administrators also suggested that an increase in the number of working poor and higher housing costs caused some of the increase in FSP participation.

3. Arizona

FSP participation in Arizona increased by 49,000 (19 percent) between FY89.2 and FY90.2. Figure IV.3 shows the pattern of FSP participation and the level of unemployment in Arizona between FY84 and FY90. A remarkable feature of the pattern of FSP participation in Arizona is that throughout the 1980s it bore little resemblance to the pattern of unemployment. Despite a rising level of unemployment between FY84 and FY86, FSP participation declined for most of that period. FSP participation began to rise steadily in FY86.2 and has continued to rise despite the fact that the level of unemployment in Arizona has been on a general downturn since FY88.

FSP administrators in Arizona suggested that at least three factors may have caused the increase in FSP participation, but there was no consensus on the relative importance of these factors.

a. Population Growth

The perception among some FSP administrators was that population growth, due to migration from out of the state, had increased the FSP caseload. They claimed that many migrants arrived in Arizona with no job and few resources. The U.S. Bureau of the Census (1990) has estimated that Arizona's population grew by about 4.5 percent between FY88 and FY89 and by 2.8 percent between FY89 and FY90 which is consistent with the steady increase in FSP participation in Arizona. But the characterization of migrants as arriving without jobs and resources is not consistent with the decline in the number of unemployed persons in Arizona over this period.

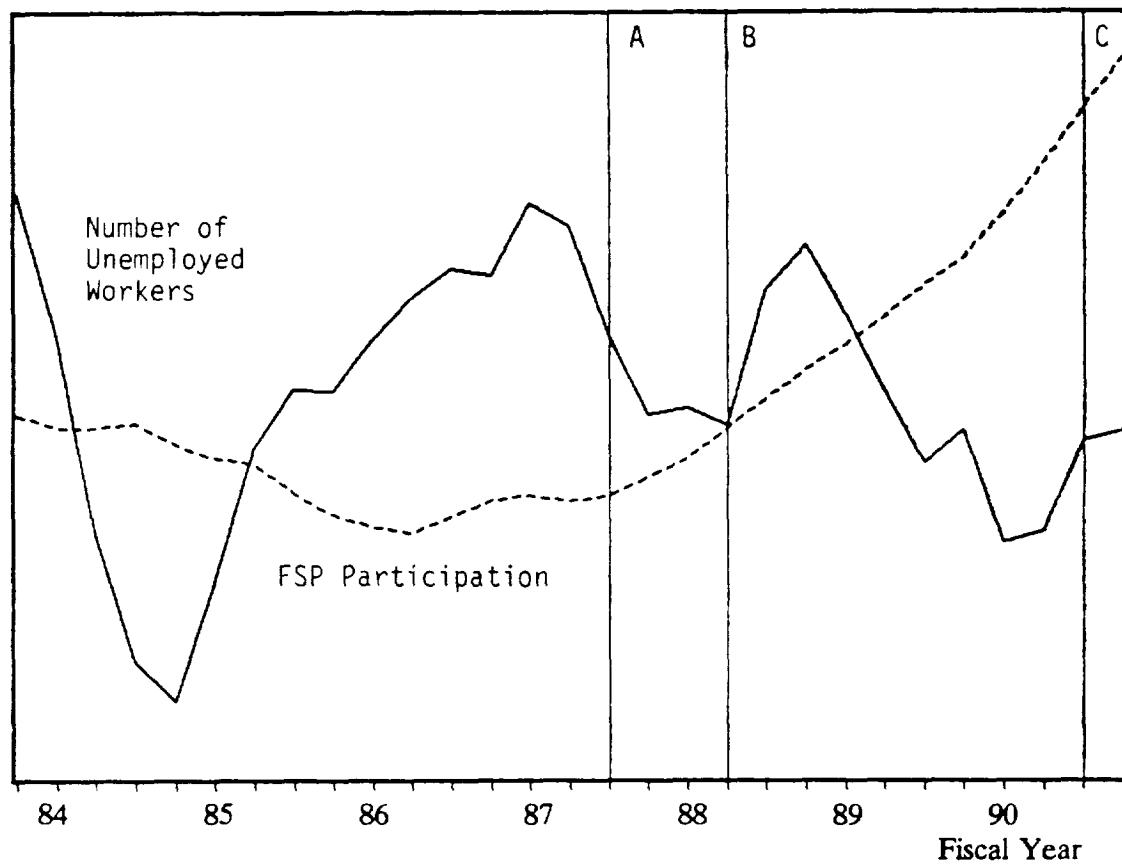
b. IRCA Legislation

Despite the fact that the first immigrants in the LAWS and SAWS programs received resident status in FY87.3, just before the acceleration in the growth of FSP participation, the impact of the IRCA legislation in Arizona seems to have been localized. A FSP administrator in a county which borders Mexico believed that the increase in immigrants as a result of IRCA was the most important cause of the FSP participation increase in her county. But state FSP administrators and a director of an advocacy group argued that the IRCA legislation had only a minor impact on the state FSP caseload. Our simulation estimates suggest that the increase in LAWS and SAWS accounted for 12 percent of the increase in FSP participation between FY87.2 and FY89.2, but only for 3 percent of the increase in FSP participation between FY89.2 and FY90.2.

c. Changes in the Medicaid Program

In January 1988, Arizona raised the income eligibility threshold for pregnant women and children younger than age 2 from the AFDC income eligibility level--36.3 percent of the poverty level for a family of three--to 100 percent of the poverty level. In April 1990, Arizona increased its Medicaid eligibility level for pregnant women to 133 percent of the poverty level. These changes increased the number of persons eligible for Medicaid by about 47,500 (18 percent) between FY89.2 and FY90.2. There is a joint application form for the Food Stamp, AFDC, and Medicaid programs in Arizona. FSP caseworkers reported an increase in the number of women who came into the welfare office to apply for Medicaid and who then decided to also apply for food stamps. Our simulation estimates (shown in Table IV.3) suggest that the expansions in Medicaid account for about 10 percent of the increase in FSP participation between FY89.2 and FY90.2. However, an administrator of the Medicaid program in Arizona argued that some of the increase in the number of Medicaid recipients was a *result of*, not a cause of, the increase in FSP participation.

FIGURE IV.3
FSP PARTICIPATION AND UNEMPLOYMENT IN ARIZONA: FY84 TO FY90



- A: First aliens given resident status under IRCA legislation
- B: January 1988, increase in Medicaid income eligibility threshold for pregnant women and children
- C: April 1990, increase in Medicaid income eligibility threshold for pregnant women and children

TABLE IV.3

PROPORTION OF INCREASE IN FSP PARTICIPATION IN ARIZONA
 EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM, AND
 IMMIGRATION LEGISLATION

| | Time Period | |
|--|-------------------|------------------|
| | FY87.2 to FY89.2 | FY89.2 to FY90.2 |
| Increase in FSP participation | 59,159 | 49,101 |
| <u>Explanatory Variable</u> | | |
| Number of Unemployed | -11% ^a | -29% |
| Number of Medicaid recipients ^b | - | 10% |
| Number of LAWS and SAWS | 12% | 3% |
| Total Explained | 1% | -16% |

NOTE: The percentage explained by each variable is calculated by multiplying the changes in the explanatory variable by an estimate of its impact on FSP participation.

^aA negative value indicates that the value of the explanatory variable fell.

^bData on the number of Medicaid recipients are not available prior to FY90.

d. Other Factors

FSP administrators in Arizona suggested that the following factors may also have contributed to the increase in FSP participation:

- An increase in the number of working poor and discouraged workers
- The change in the definition of the FSP household
- A reduction in the length of the FSP application form
- An increase in the number of FSP offices
- The increased availability of expedited service

B. STATES IN WHICH BOTH CHANGES IN THE ECONOMY AND OTHER FACTORS CAUSED THE FSP PARTICIPATION INCREASE

In Florida, New York, and Michigan, unemployment can account for some but not all of the increase in FSP participation. In all three states, there were other important reasons for the rise in FSP participation.

1. Florida

FSP participation in Florida increased by 118,000 (18 percent) between FY89.2 and FY90.2. Of all 50 states, Florida experienced the third largest absolute and the fourth largest proportional increase in FSP participation between FY89 and FY90. Figure IV.4 shows the pattern of FSP participation and unemployment in Florida between FY84 and FY90. After a steady decline in FSP participation in the early 1980s, FSP participation began to increase at about the beginning of FY86 and continued to rise throughout the rest of the 1980s and 1990.

Figure IV.4 shows clearly that the growth trend in FSP participation mirrored the growth trend in unemployment. Our simulation estimates in Table IV.4 suggest that the increase in unemployment accounted for about 20 percent of the total increase in FSP participation between FY86.2 and

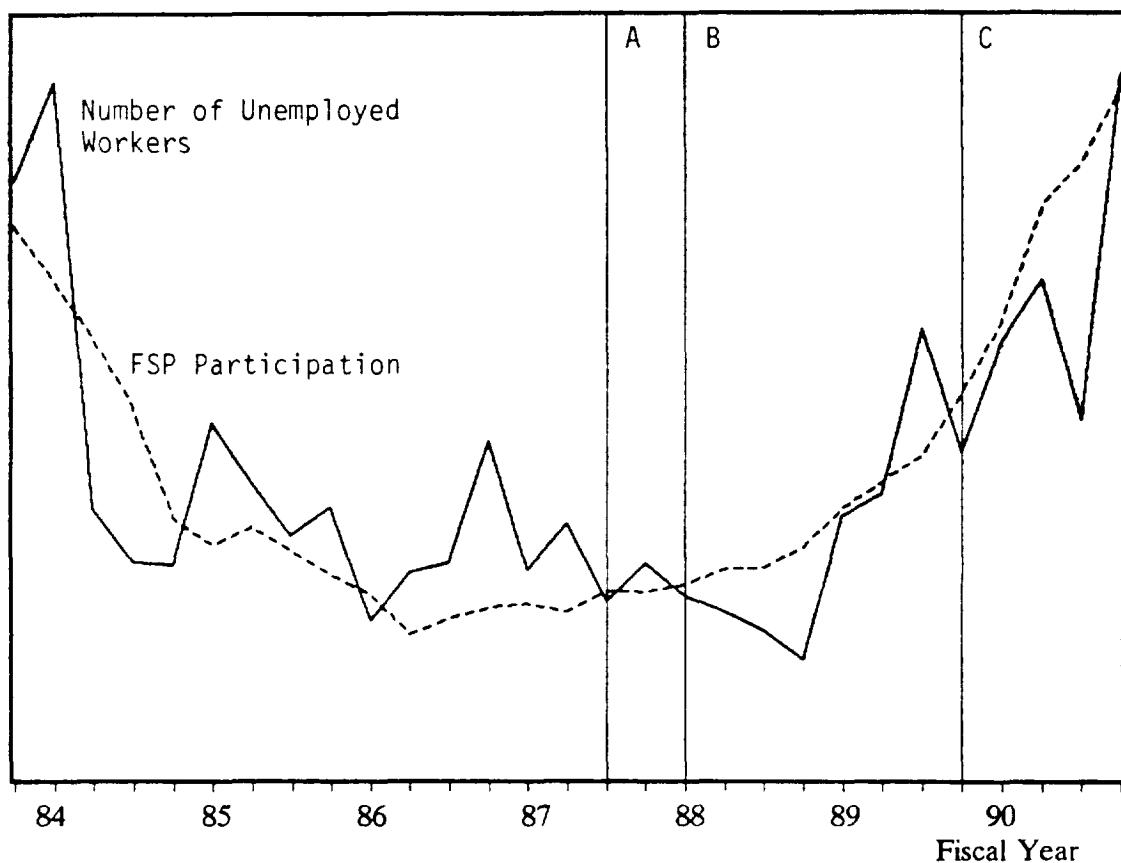
FY89.2 and for about 18 percent of the increase in FSP participation between FY89.2 and FY90.2. Surprisingly, none of the FSP administrators surveyed in Florida believed that the slowdown in the economy was severe enough to be the main cause of the increase in FSP participation.

All of the Florida FSP administrators who responded to our survey reported that three major factors had caused the increase in FSP participation: (1) population growth, (2) changes in the Medicaid program, and (3) an increase in the number of homeless persons and improved access to the FSP for the homeless. Unfortunately, because the changes in the Medicaid program, the passage of the Homeless Assistance Act, and the downturn in the economy occurred at about the same time, it is difficult to identify the role of each factor.

Even though the LAWS and SAWS programs had legalized 100,000 aliens in Florida by FY90, FSP administrators believed that the increase in FSP participation induced by these programs was small and localized. However, our simulation exercises (see Table IV.4) suggest that the increase in newly legalized aliens accounted for over one-fifth of the FSP participation increase between FY86 and FY89, and about 5 percent of the increase in FSP participation between FY89 and FY90.

Florida experienced a 2.7 to 2.8 percent annual population growth for most of the 1980s (U.S. Bureau of the Census, 1990). Some of this increase was due to migration from other states. As in Arizona, FSP administrators argued that the migrants often arrived without a job and with few resources. Population growth almost certainly contributed to the increase in FSP participation in Florida. Yet the population was also growing in the early 1980s when FSP participation was falling. However, in the early 1980s, the economy was buoyant and could absorb the migrants; in the late 1980s, with a less buoyant economy, Florida labor markets were unable to absorb the increase in migrants.

FIGURE IV.4
FSP PARTICIPATION AND UNEMPLOYMENT IN FLORIDA: FY84 TO FY90



- A: First aliens given resident status under IRCA legislation
- B: October 1987, increase in Medicaid income eligibility threshold for pregnant women and children
- C: July 1989, increase in Medicaid income eligibility threshold for pregnant women and children

TABLE IV.4

PROPORTION OF INCREASE IN FSP PARTICIPATION IN FLORIDA
 EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM,
 AND IMMIGRATION LEGISLATION

| | Time Period | |
|-------------------------------|------------------|------------------|
| | FY86.2 to FY89.2 | FY89.2 to FY90.2 |
| Increase in FSP participation | 65,757 | 117,667 |
| <u>Explanatory Variable</u> | | |
| Number of Unemployed | 20% | 18% |
| Number of Medicaid recipients | 44% | 12% |
| Number of LAWS and SAWS | 23% | 5% |
| Total Explained | 87% | 35% |

NOTE: The percentage explained by each variable is calculated by multiplying the change in the explanatory variable by an estimate of its impact on FSP participation.

Prior to FY88, pregnant women were eligible for Medicaid only if they met the AFDC income threshold of 34.1 percent of the poverty level (for a family of three). In October 1987, Florida raised the Medicaid income eligibility threshold to 100 percent of the poverty level for pregnant women and children younger than age 2 and to 150 percent of the poverty level in July 1989. To encourage women to participate in the Medicaid program, Florida also introduced presumptive eligibility, removed the asset test for women, shortened the application form, and outstationed eligibility workers at health care centers. As a result, the Medicaid caseload increased by about 146,000 (17 percent) between FY89 and FY90. Because eligibility workers automatically screen all clients for the Food Stamp, AFDC, and Medicaid programs, many of the new Medicaid recipients joined the FSP. Our simulation estimates suggest that expansions in Medicaid explain about 44 percent of the increase in FSP participation between FY86.2 and FY89.2, and 12 percent of the increase in FSP participation between FY89.2 and FY90.2.

All the FSP administrators surveyed in Florida had noticed an increase in the number of homeless clients. They attributed this increase to both rising unemployment and to the FSP changes authorized by the Homeless Assistance Act.

2. New York

New York experienced an increase in FSP participation of about 58,000 persons (4 percent) between FY89.2 and FY90.2--the fourth largest absolute increase in FSP participation in the 50 states. Figure IV.5 shows the pattern of FSP participation and unemployment in New York between FY84 and FY90. The upturn in FSP participation occurred relatively late in New York, beginning only in about FY89.3. However, the increase in participation over the ensuing year was large--about 117,000 persons or 8 percent.

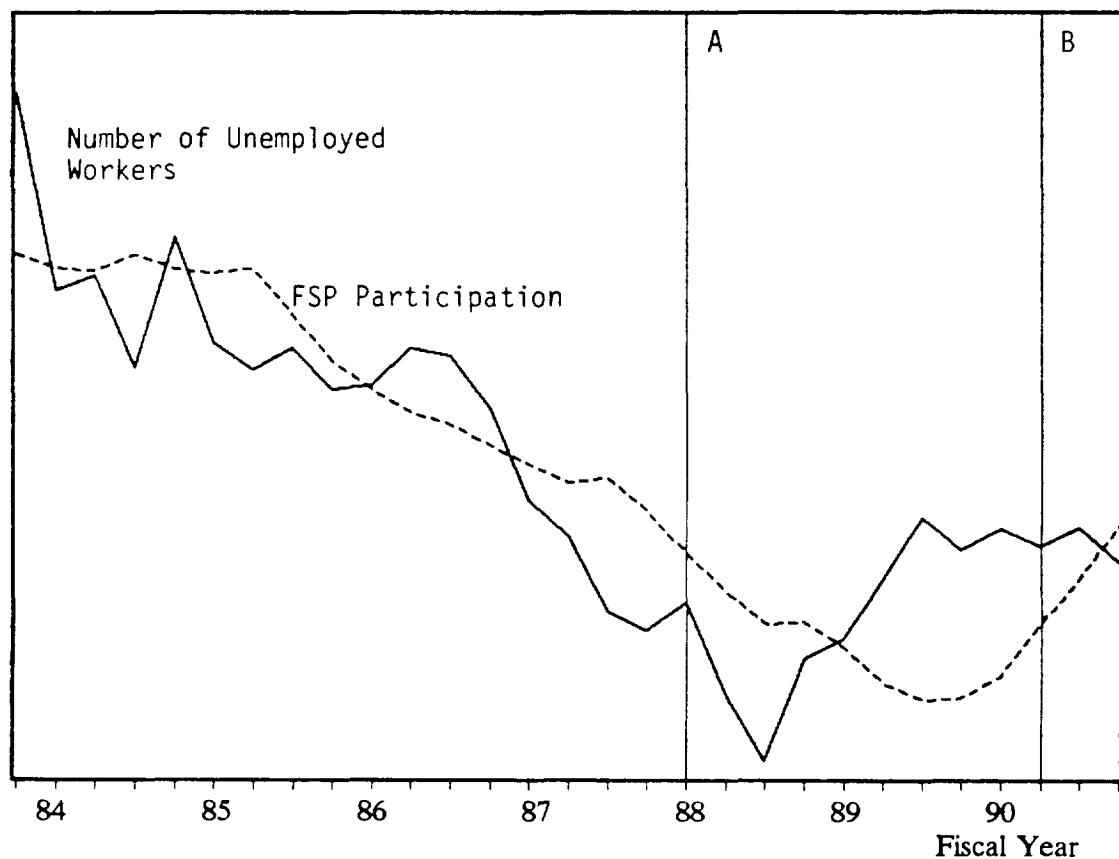
Throughout the mid-1980s, both unemployment and FSP participation in New York declined. Unemployment began to increase in mid-FY88, but FSP participation continued to fall until mid-

FY89. Unemployment stopped rising in about FY89.3 at about the time that FSP participation began to rise. However, because our regression models use unemployment lagged one quarter to explain FSP participation, our simulation exercises suggest that the increase in unemployment between FY89.2 and FY90.2 can explain over 60 percent of the increase in FSP participation (see Table IV.5). Not all of the FSP administrators surveyed in New York believed that the increase in unemployment was the major cause of the increase in FSP participation. Several FSP administrators pointed out that an increase in the number of working poor and rising food and housing prices had exacerbated the impact of rising unemployment.

There was no agreement among FSP administrators in New York about which other factors may have contributed to the increase in FSP participation. Several FSP administrators pointed to the increase in Medicaid caseloads. New York raised its Medicaid income eligibility threshold for pregnant women from 82.4 percent of the poverty level (for a family of three) to 185 percent of the poverty level. Our simulation estimates in Table IV.5 suggest that none of the increase in FSP participation was due to changes in the Medicaid program. These simulation estimates are based on a forecasted fall in Medicaid caseloads between FY89 and FY90. However, a Medicaid administrator in New York argued that Medicaid caseloads had actually increased, and not fallen, between FY89 and FY90.

Two other factors were mentioned by FSP administrators as possible causes of the increase in FSP participation in New York: the IRCA legislation, and changes in the FSP mandated by the Homeless Assistance Act. However, the number of LAWS and SAWS who reside in New York is too small to explain a significant proportion of the increase in the FSP caseload. And both these factors occurred at least 18 months before FSP participation began to increase.

FIGURE IV.5
FSP PARTICIPATION AND UNEMPLOYMENT IN NEW YORK: FY84 TO FY90



A: Homeless Assistance Act effective
B: Increase in Medicaid income eligibility threshold for pregnant women

TABLE IV.5

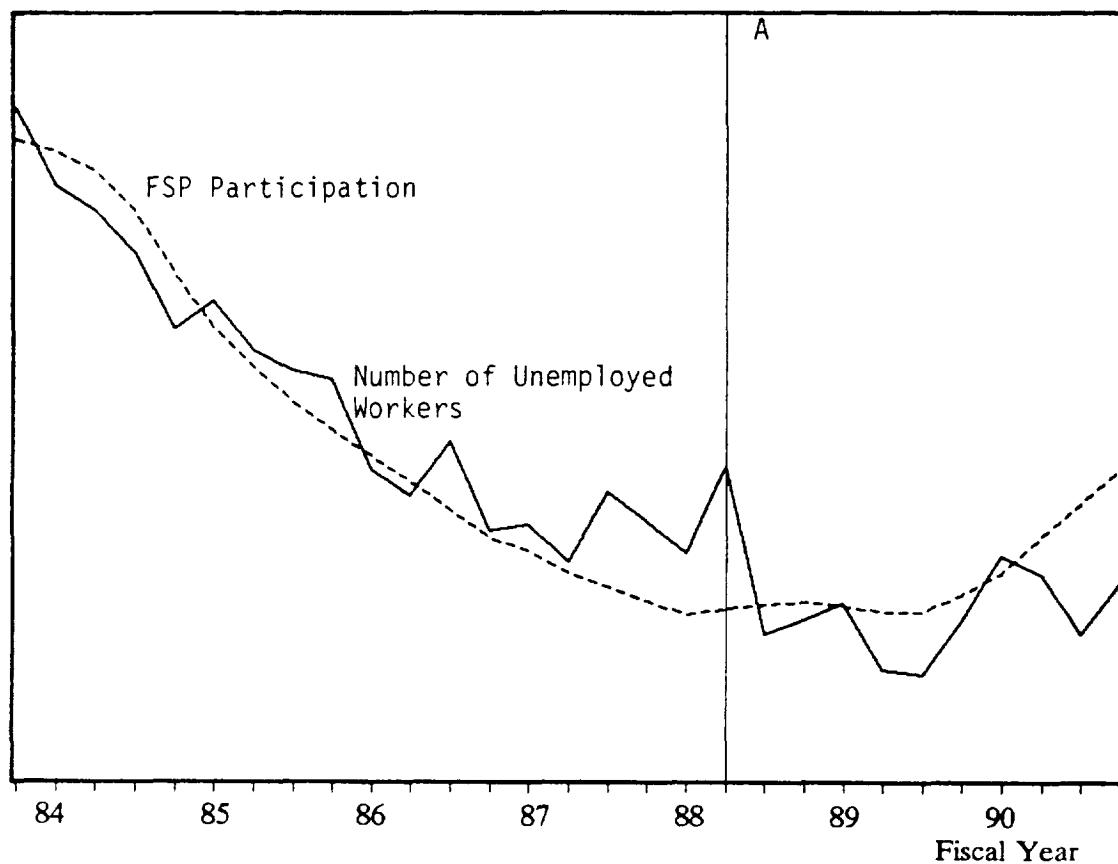
PROPORTION OF INCREASE IN FSP PARTICIPATION IN NEW YORK
 EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM, AND
 IMMIGRATION LEGISLATION

| | Time Period |
|-------------------------------|------------------|
| | FY89.2 to FY90.2 |
| Increase in FSP participation | 57,692 |
| <u>Explanatory Variable</u> | |
| Number of Unemployed | 64% |
| Number of Medicaid recipients | -4% ^a |
| Number of LAWS and SAWS | 2% |
| Total Explained | 61% |

NOTE: The percentage explained by each variable is calculated by multiplying the change in the explanatory variable by an estimate of its impact on FSP participation.

^aA negative value indicates that the value of the explanatory variable fell.

FIGURE IV.6
FSP PARTICIPATION AND UNEMPLOYMENT IN MICHIGAN: FY84 TO FY90



A: Increase in Medicaid income eligibility threshold for pregnant women and children

TABLE IV.6

PROPORTION OF INCREASE IN FSP PARTICIPATION IN MICHIGAN EXPLAINED
BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM, AND
IMMIGRATION LEGISLATION

| Time Period | |
|-------------------------------|--------|
| FY89.2 to FY90.2 | |
| Increase in FSP participation | 37,701 |
| <u>Explanatory Variable</u> | |
| Number of Unemployed | 32% |
| Number of Medicaid recipients | 61% |
| Number of LAWS and SAWS | 0% |
| Total Explained | 94% |

NOTE: The percentage explained by each variable is calculated by multiplying the change in the explanatory variable by an estimate of its impact on FSP participation.

3. Michigan

FSP participation in Michigan increased by about 38,000 (4 percent) between FY89.2 and FY90.2. Figure IV.6 shows the pattern of FSP participation and unemployment in Michigan between FY84 and FY90 and illustrates how closely the timing of the increase in FSP participation coincided with the increase in unemployment. FSP participation and unemployment declined throughout most of the mid-1980s. FSP participation stopped falling early in FY88 and remained virtually constant until the middle of FY89, despite a continuing decline in unemployment. Both FSP participation and unemployment began to increase around the end of FY89. Illinois and Indiana experienced patterns of unemployment and FSP participation that were similar to those in Michigan. This was also true for Ohio, with the exception that the upturn in unemployment and FSP participation in Ohio did not occur until FY90.3.

All the FSP administrators surveyed in Michigan believed that the increase in unemployment was the most important factor behind the increase in FSP participation. Our simulation estimates (see Table IV.6) suggest that the rise in unemployment explains about one-third of the increase in FSP participation between FY89.2 and FY90.2. According to FSP administrators, an increase in the number of working poor was also an important cause of the increase in FSP participation.

We do not believe that unemployment was the only major cause of the increase in FSP participation in Michigan; the evidence suggests that changes in the Medicaid program also played an important role. In January 1988, Michigan raised its Medicaid income eligibility threshold for pregnant women and children under age 4 from 74.8 percent of the poverty level (for a family of three) to 185 percent of the poverty level. Michigan also introduced a single application form for the Food Stamp, AFDC, and Medicaid programs and began a Medicaid outreach program targeted at pregnant women. These changes occurred at about the same time that FSP participation leveled off suggesting that the Medicaid program changes may have been responsible, in part, for the

cessation of the long-term decline in FSP participation. Our simulation exercises suggest that the increase in Medicaid caseload accounted for about 60 percent of the increase in FSP participation between FY89.2 and FY90.2.

C. STATES IN WHICH AN INCREASE IN UNEMPLOYMENT AND OTHER CHANGES IN THE ECONOMY CAUSED MOST OF THE INCREASE IN FSP PARTICIPATION

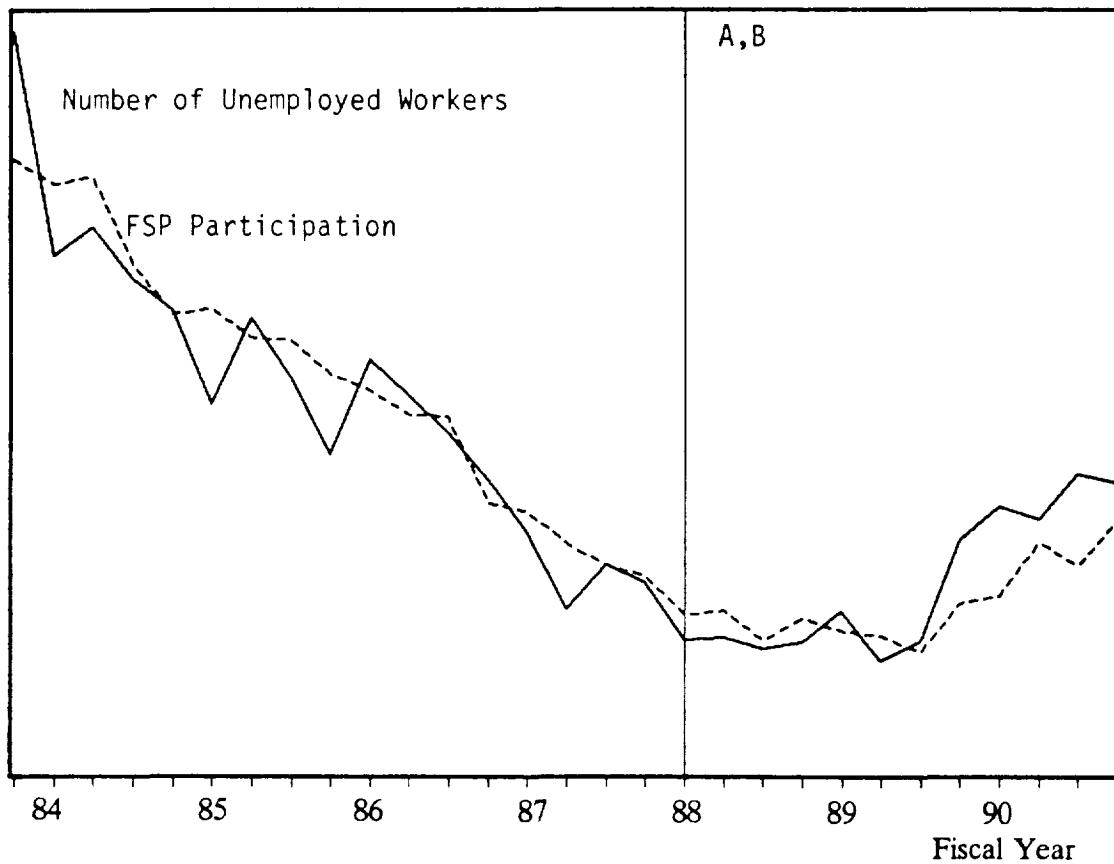
In two of the eight states--New Jersey and Massachusetts--an increase in unemployment and other changes in the economy were the primary reasons for the increase in FSP participation. Although the absolute size of the increase in FSP participation in these two states was relatively small, the proportionate increase in participation was large. The pattern of unemployment and FSP participation found in New Jersey and Massachusetts is also evident in at least six other New England or Middle Atlantic states.

1. New Jersey

New Jersey experienced an increase in FSP participation of about 36,000 (10 percent) between FY89.2 and FY90.2. Figure IV.7 shows that the pattern of FSP participation in New Jersey between FY84 and FY90 closely mirrored the pattern of unemployment. The correspondence of the turning points in the two patterns is especially notable--both FSP participation and unemployment began to increase in about mid-FY89. A similar pattern of unemployment and FSP participation occurred in Pennsylvania.

All FSP administrators surveyed in New Jersey agreed that the increase in unemployment was the single most important cause of the increase in FSP participation between FY89 and FY90. The results of our simulation exercises (see Table IV.7) suggest that the increase in unemployment accounted for about 40 percent of the increase in FSP participation. According to FSP administrators, rising food and housing prices and an increase in the number of low-wage jobs also contributed to the increase in FSP participation.

FIGURE IV.7
FSP PARTICIPATION AND UNEMPLOYMENT IN NEW JERSEY: FY84 TO FY90



A: Increase in Medicaid income eligibility threshold for pregnant women and children
B: Homeless Assistance Act effective

TABLE IV.7

PROPORTION OF INCREASE IN FSP PARTICIPATION IN NEW JERSEY
EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID PROGRAM, AND
IMMIGRATION LEGISLATION

| | Time Period |
|-------------------------------|------------------|
| | FY89.2 to FY90.2 |
| Increase in FSP participation | 35,759 |
| <u>Explanatory Variable</u> | |
| Number of Unemployed | 42% |
| Number of Medicaid recipients | 4% |
| Number of LAWS and SAWS | 1% |
| Total Explained | 47% |

NOTE: The percentage explained by each variable is calculated by multiplying the change in the explanatory variable by an estimate of its impact on FSP participation.

Two other factors, mentioned by FSP administrators as possible causes of the increase, probably had only a minor impact on FSP participation in New Jersey: (1) the Homeless Assistance Act and (2) changes in the Medicaid program. Despite a large increase in October 1987 in the income eligibility level for pregnant women and children aged less than 2 from 52.5 percent (for a family of three) to 100 percent of the poverty level, the Medicaid caseload in New Jersey was projected to increase by only 13,000 (3 percent) between FY89 and FY90. FSP administrators reported that they had not yet seen an increase in the number of Medicaid clients. In addition, the Homeless Assistance Act, the changes in the Medicaid program, and the IRCA legislation occurred before the upturn in FSP participation.

2. Massachusetts

Massachusetts and most of the other New England states experienced large percentage increases in FSP participation beginning either late in FY87 or early in FY88. Between FY89.2 and FY90.2, FSP participation in Massachusetts increased by about 32,000 (10 percent). Figure IV.8 shows the patterns of FSP participation and unemployment in Massachusetts between FY84 and FY90. The pattern of FSP participation closely mirrors the pattern of unemployment. The patterns of FSP participation and unemployment in most of the other New England states were similar to those of Massachusetts.

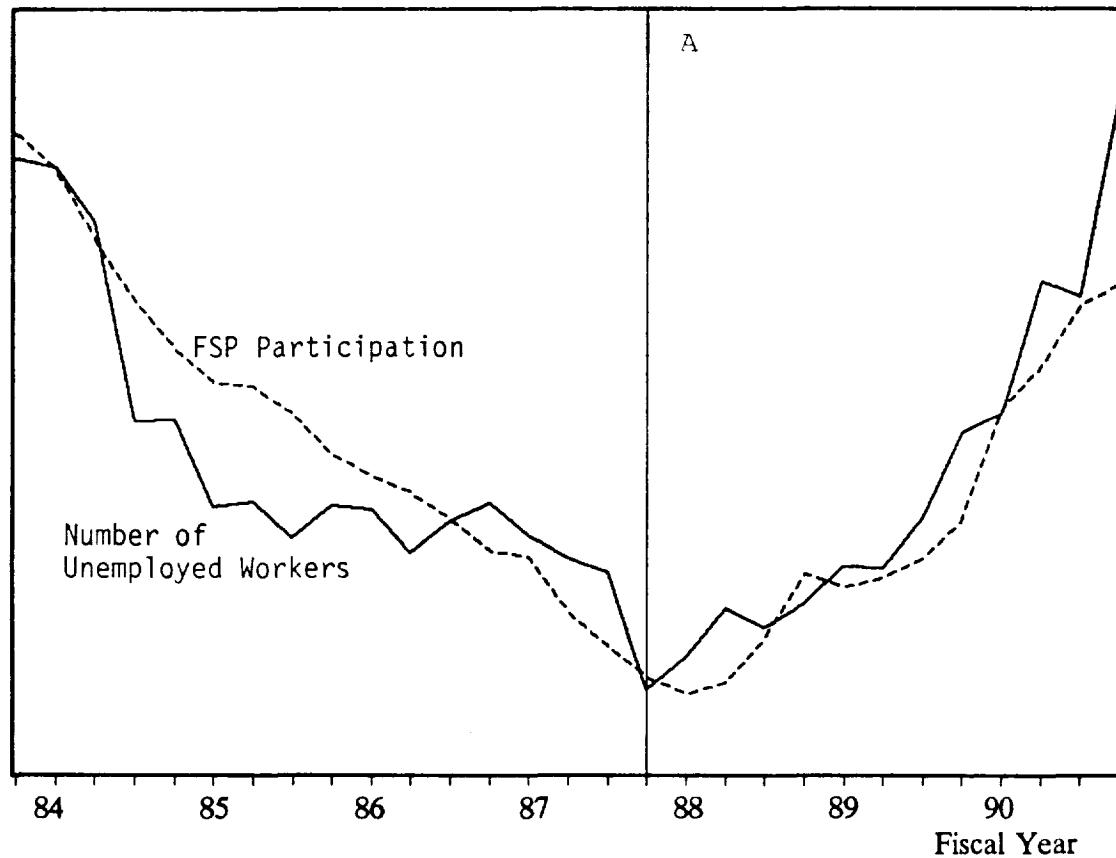
All survey respondents in Massachusetts agreed that the recession in New England was the single most important cause of the increase in FSP participation. Our simulation estimates (see Table IV.8) suggest that the rise in unemployment explains over half of the increase in FSP participation between FY88.2 to FY89.2 and between FY89.2 and FY90.2.

A secondary factor mentioned by one survey respondent in Massachusetts was the increase in referrals from Medicaid. In July 1987, Massachusetts raised its Medicaid income eligibility threshold from 66.7 percent of the poverty level (for a family of three) to 185 percent of the poverty level for

pregnant women and to 100 percent of the poverty level for children under age 5. Our simulation estimates suggest that the increase in the Medicaid caseload in Massachusetts explains about 17 percent of the increase in FSP participation between FY88.2 and FY89.2. But in FY90, the Medicaid caseload in Massachusetts was expected to fall.

FIGURE IV.8

FSP PARTICIPATION AND UNEMPLOYMENT IN MASSACHUSETTS: FY84 TO FY90



A: Increase in Medicaid income eligibility threshold for pregnant women and children

TABLE IV.8

PROPORTION OF INCREASE IN FSP PARTICIPATION IN MASSACHUSETTS
 EXPLAINED BY CHANGES IN UNEMPLOYMENT, THE MEDICAID
 PROGRAM, AND IMMIGRATION LEGISLATION

| | Time Periods | |
|-------------------------------|------------------|-------------------|
| | FY88.2 to FY89.2 | FY89.2 to FY90.2 |
| Increase in FSP participation | 15,829 | 31,888 |
| <u>Explanatory Variable</u> | | |
| Number of Unemployed | 66% | 54% |
| Number of Medicaid recipients | 17% | -11% ^a |
| Number of LAWS and SAWS | 7% | 1% |
| Total Explained | 90% | 44% |

NOTE: The percentage explained by each variable is calculated by multiplying the change in the explanatory variable by an estimate of its impact on FSP participation.

^aA negative value indicates that the value of the explanatory variable fell.

V. SUMMARY AND CONCLUSIONS

This chapter provides an overview of our understanding of the nature and causes of the increase in FSP participation between FY89 and FY90. It summarizes our findings about the increase in FSP participation based on each of the three research methodologies: an analysis of state-level data, an analysis of data on households participating in the FSP, and a survey of the administrators of the FSP and other assistance programs.

Section A describes the characteristics of the increase in FSP participation between FY89 and FY90. Section B summarizes our findings about the causes of the increase in FSP participation. In Section C, we provide some concluding remarks and discuss the implications of our findings for the future trends in FSP participation.

A. CHARACTERISTICS OF THE INCREASE IN FSP PARTICIPATION

Participation in the FSP increased by over 1 million persons between FY89.2 and FY90.2. By historical standards, the size of the increase in FSP participation between FY89 and FY90 was not unprecedented. Nor was the level of FSP participation in FY90 unprecedented. The remarkable feature of the increase in FSP participation between FY89 and FY90 was that, unlike other periods of rising FSP participation, there were no obvious causes of the increase; the economy was expanding and there were no major changes in the FSP. The increase in FSP participation during this period occurred at a time of a remarkably stable aggregate unemployment rate.

The increase in FSP participation between FY89 and FY90 was widespread: all but six states experienced an increase. But the size and timing of the increase varied considerably by state. Four states--Texas, California, Florida, and New York--accounted for over half of the total increase in FSP participation between FY89.2 and FY90.2. And although FSP participation began to increase before

FY87 in some states, primarily in the South and West, the increase did not begin in other states until early FY90.

The increase in FSP participation between FY89 and FY90 occurred primarily because the number of households that entered the FSP increased. However, regional variation exists. In the South and Midwest, the FSP participation increase was due solely to the increase in the number of households that entered the FSP. However, in the West, the increase in FSP participation occurred solely because fewer households left the FSP--this increased the average length of time households spent on the FSP. In the Northeast, the increase in FSP participation occurred because both more households entered the FSP and fewer households left the FSP.

Increases of similar absolute magnitudes occurred in both the PA and NPA food stamp caseloads. As the NPA caseload is smaller than the PA caseload, the percentage increase in the NPA caseload was larger than the percentage increase in the PA caseload. In Texas, the increase in the FSP caseload was driven by an increase in the NPA caseload. However, in California, Florida, New York, and Arizona the increase in the FSP caseload was driven by an increase in the PA caseload.

B. CAUSES OF THE INCREASE IN FSP PARTICIPATION

To understand the reasons for the increase in FSP participation between FY89 and FY90, it is important to study the increase at the state level. Not only did the size and timing of the increase vary across the states, but the factors that caused the increase in FSP participation also varied. Some factors were important only in one or two states. Even factors that were important in many states, such as changes in the Medicaid program, affected FSP participation at different times in different states.

It is helpful to divide the states into three groups according to the reason for the increase in FSP participation between FY89.2 and FY90.2:

1. States in which changes in the economy played only a minor role in the increase in FSP participation, such as Texas, California, and Arizona
2. States in which an increase in unemployment can account for a significant proportion of the increase in FSP participation but in which factors unrelated to the state of the economy also played an important role, such as Florida, New York, and Michigan
3. States in which an increase in unemployment and other changes in the economy were the major reasons for the increase in FSP participation, such as New Jersey and Massachusetts

Most of the states in the first category--states which experienced increases in FSP participation despite booming economies--experienced large absolute increases in FSP participation. And in many of these states, the increase in FSP participation began before FY87. In contrast, the states in the third category--states which experienced increases in FSP participation at the time of rising unemployment--experienced large percentage, but small absolute, increases in FSP participation. And in these states, the increase in FSP participation did not begin until between FY88 and mid-FY89 (the New England states) or between late FY89 and mid-FY90 (the Middle Atlantic states).

In the states in the third category, the increase in FSP participation was caused by changes in the economy--an increase in unemployment and an increase in the number of working poor. In most of the states in the first and second categories, the increase was caused by more than one factor. The most important factors were a deteriorating economy and an increase in the number of Medicaid recipients. Other factors that contributed to the increase in FSP participation in some of these states include: improved access to the FSP, the Homeless Assistance Act, population growth, and immigration reform.

1. An Increase in Unemployment

An increase in unemployment was the single major cause of the increase in FSP participation in New Jersey, Pennsylvania, most of the New England states, and some states in the East North Central region. Because the rise in unemployment in these states was offset by a decline in

unemployment in other states, there was no significant increase in the national unemployment rate between FY89 and FY90. We can trace the timing of the increase in FSP participation in these states to the timing of the regional recessions. New England began to suffer a recession in about FY88; by the beginning of FY90, the recession had spread to the Middle Atlantic and East North Central states. This time-frame corresponds to the timing of the FSP participation increase in many of these states. Our estimates suggest that an increase in unemployment explains over half of the increase in FSP participation in the New England, Middle Atlantic, and East North Central states. But the increase in aggregate unemployment accounted for only about 9 percent of the increase in FSP participation in the United States as a whole.

2. An Increase in the Number of Working Poor

Many FSP administrators believe that an increase in the number of working poor was also an important cause of the increase in FSP participation. The proportion of households that entered the FSP with earnings did not change significantly between FY89 and FY90 in any region. Hence, the increase in the number of non-working households that joined the FSP was matched by a similar increase in the number of low-earnings households that joined the FSP. An increase in the number of working poor contributed to the increase in FSP participation by about as much as, and in the same regions as, the increase in unemployment.

3. Changes in the Medicaid Program

Each of our research methodologies provides evidence that a sizeable proportion of the increase in FSP participation was due to changes in the Medicaid program. Congress, concerned about infant mortality, introduced legislation that allowed states to raise the income eligibility threshold for pregnant women, infants, and children, grant presumptive eligibility to pregnant women, remove the asset test for pregnant women, and provide continuous eligibility to pregnant women for 60 days

postpartum. By July 1989, states were required to phase-in Medicaid coverage to all pregnant women whose incomes are at or below 75 percent of the poverty level. Perhaps as important as these changes were state-initiated changes, including performing outreach targeted at pregnant women and mothers, shortening the Medicaid application form, adopting a common application form for the Food Stamp, AFDC, and Medicaid programs, and outstationing Medicaid eligibility workers at health care centers.

Due primarily to the changes in the Medicaid program, HCFA predicted that the number of Medicaid recipients would increase by 2.5 million between FY89 and FY90. It now appears that this may have been an underestimate. According to FSP administrators, many of the new Medicaid recipients were eligible for food stamps but did not apply for them until they applied for Medicaid. Some of the changes in the program, such as introducing a common application form and posting Medicaid eligibility workers at health care centers, not only increased the number of Medicaid recipients, but also strengthened the link between the Food Stamp and Medicaid programs.

Our analysis suggests that as much as a quarter of the increase in FSP participation between FY89 and FY90 could have been due to the increase in the number of Medicaid recipients. Many of the changes to the Medicaid program were initiated as early as FY87 and appear to have contributed to the steady increase in FSP participation experienced by some states. The importance of the Medicaid changes varied by state. Our evidence suggests that the increase in the number of Medicaid recipients was an especially important cause of the increase in FSP participation in some Western and North Central states and in Texas and Florida. The increase in the number of Medicaid recipients was a much less important cause of the increase in FSP participation in some New England and Middle Atlantic states. The relatively high AFDC income-eligibility threshold in many of these states may explain the smaller impact of the Medicaid changes on FSP participation: the expansions

in eligibility for pregnant women and children had a smaller impact on the Medicaid caseload and many of the newly eligible Medicaid recipients were income ineligible for food stamps.

4. Improved Accessibility to the FSP

In 1989, Texas changed the operation of its FSP to improve the accessibility of the program. These changes entailed: introducing one-stop shopping, increasing the number of offices, providing some clients with food stamps on the day that they apply, increasing the number of eligibility workers, and shortening the application form. We know of no other state in which these types of changes occurred on such a large scale. But, as Texas can account for nearly a quarter of the total increase in FSP participation between FY89.2 and FY90.2, these changes could have been responsible for a sizeable component of the overall increase in FSP participation in the United States. FSP administrators in Missouri believe that their outreach program can account for much of the increase in FSP participation in their state. However, it is extremely difficult to quantify the impact of such changes in the FSP on participation.

5. The Homeless Assistance Act

The 1987 Homeless Assistance Act introduced changes to the FSP to encourage homeless persons to participate in the program. FSP administrators in some states, such as Florida, believe that the number of homeless persons who participate in the FSP has increased. We do not have adequate data to determine whether the number of homeless persons receiving food stamps in the United States has actually increased. However, after FY87 the proportion of households that entered the FSP without earnings and shelter costs increased markedly. Households with no earnings or shelter costs accounted for over 40 percent of the increase in households entering the FSP between FY89 and FY90. Some of this increase in households entering the FSP with neither shelter costs nor earnings is likely to be a reflection of an increase in homeless households entering the FSP.

FSP administrators believe that two changes that were authorized by the Act had the most important impacts on FSP participation: (1) the increased availability of expedited service, and (2) a change in the definition of the FSP household that allowed parents with minor children who live with relatives to constitute a separate FSP household. The number of households that received expedited service when they entered the FSP more than doubled between FY87 and FY90. In FY90 30 percent of all FSP-entering households received expedited service compared to only 20 percent in FY87. However, we cannot determine to what extent the increased availability of expedited service increased FSP participation. As households with children comprise an increasing proportion of the households that enter the FSP without shelter costs, it is likely that the change in the definition of the FSP household contributed to the increase in FSP participation.

We do not have sufficient data to quantify the importance of the impact of the Homeless Assistance Act on FSP participation. Our evidence suggests that it did have an impact; but it is unlikely that it explains all of the large increase in the number of households without earnings or shelter costs on the FSP. Some of this increase may have been due to rising housing costs and rising unemployment.

6. Population Growth

FSP administrators in Arizona and Florida argued that some of the increase in FSP participation was a consequence of rapid population growth in their states. Much of the population growth was due to an increase in migration from out-of-state. Migrants are more likely to be unemployed and have fewer resources than the general population. While population growth may have contributed to the increase in FSP participation in these states, it is unlikely to have been the principal cause. In both states, the rate of FSP participation growth between FY89 and FY90 exceeded the rate of population growth.

7. Immigration Legislation

IRCA granted resident status to two groups of illegal aliens--special agricultural workers and legally authorized workers. The special agricultural workers are eligible to receive food stamps after they receive resident status. The legally authorized workers are not currently eligible to receive food stamps but their U.S.-born children are eligible and, indeed were eligible even prior to IRCA. U.S.-born children of legally authorized workers may be more likely to participate in the FSP as a consequence of IRCA because their parents are no longer subject to deportation. Although the number of aliens who were granted resident status in these programs was large, especially in California, the number of these aliens or their U.S.-born children who entered the FSP appears to be smaller than expected. We estimate that in California most of the increase in FSP participation between FY88 and FY89 and about 16 percent of the increase between FY89 and FY90 was due to IRCA. Yet FSP administrators in California believe that IRCA had only a small impact on FSP participation. In other states, the number of persons affected by IRCA was small. We estimate that nationwide, IRCA may explain about 4 percent of the increase in FSP participation.

8. Factors Believed to be Unimportant

Our analysis suggests that some factors that were previously considered possible causes of the FSP participation increase did not have an important impact on FSP participation.

- Despite the high correlation between AFDC and FSP participation, there is little evidence that changes in AFDC participation are responsible for much of the increase in FSP participation. Most AFDC administrators in our survey believed that the correlation between changes in AFDC and FSP participation occurred because the increase in FSP participation increased AFDC participation and because the same set of factors caused the increases in both FSP and AFDC participation. Neither the AFDC-UP program nor the JOBS program had a major impact on AFDC participation between FY89 and FY90.
- The introduction of infant formula rebates increased participation in the WIC program. But WIC and FSP administrators believe that the link between the WIC and Food

Stamp programs was too tenuous for the increase in WIC participation to have caused the increase in FSP participation.

- Changes in the FSP (such as increased benefits, relaxed verification requirements, and shorter certification periods) are unlikely to have had more than a minor impact on FSP participation.
- We have no evidence that attitudes towards welfare changed between FY89 and FY90.

9. Changes in the Rate of Participation and the Number of Persons Eligible for the FSP

This study does not directly address the question of whether the increase in FSP participation occurred because of an increase in the number of persons eligible for the FSP, or because of an increase in the proportion of FSP-eligible persons who choose to participate (the rate of participation). To do so would require the estimation of the number of persons eligible for the FSP using a large data set, such as the Current Population Survey or the Survey of Income and Program Participation, that includes households that do not participate in the program. As the increase in FSP participation occurred so recently, data from these general household surveys are not yet available.

Our analysis of the causes of the increase in FSP participation suggests that, while the number of persons eligible for the FSP probably increased between FY89 and FY90, much of the increase in FSP participation is likely to have occurred because of an increase in the *rate* of participation. Changes in the economy (such as an increase in unemployment and an increase in the number of working poor), population growth, and the granting of resident status to special agricultural workers all increased the number of persons eligible for the FSP. But changes in the economy may also have increased the rate of participation. Other factors--changes in the Medicaid program, improved accessibility to the FSP, the Homeless Assistance Act, and granting resident status to legally authorized workers--all would have increased the rate of participation.

C. CONCLUSIONS

We are unable to quantify the importance of each of the factors that contributed to the increase in FSP participation. Many of the changes occurred at around the same time making it difficult to separate the impact of each factor. And some persons may have decided to join the FSP for more than one reason. Unless we ask FSP participants why they joined the FSP--a prohibitively expensive task--we may never completely understand why FSP participation increased between FY89 and FY90.

However, our research indicates that a large proportion of the increase in FSP participation between FY89 and FY90 can be explained by changes in the economy--an increase in unemployment and the number of working poor--and changes in the Medicaid program. Other factors, such as improved accessibility to the FSP, the Homeless Assistance Act, population growth, and immigration legislation, may also have contributed to the increase in FSP participation in some states.

This report has focused on the increase in FSP participation that occurred between FY89 and FY90. However, FSP participation has continued to rise at an even faster rate since FY90.2. Between FY90.2 and FY91.2, FSP participation rose by about 11 percent; between FY89.2 and FY90.2, FSP participation rose by only about 6 percent. The more recent increase in FSP participation is even more widespread than the earlier increase: all 50 states and the District of Columbia experienced an increase in FSP participation between FY90.2 and FY91.2. In March 1991, FSP participation exceeded 22.5 million persons.

Some of the increase in FSP participation after FY90.2 is almost certainly due to the rise in unemployment. Between FY90.2 and FY91.2, the number of unemployed persons increased by about 1.8 million. However, the increase in unemployment was smaller than the 2.3 million person increase in FSP participation that occurred over the same period. We estimate that an increase in unemployment of 100 persons increases FSP participation by 56 persons. Using this estimate, the increase in unemployment can explain less than half of the increase in FSP participation between

FY90.2 and FY91.2. This suggests that some of the factors that caused the increase in FSP participation between FY89 and FY90 are still playing a role in the more recent increase in FSP participation.

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APPENDIX A

ESTIMATION OF REGRESSION MODELS OF FSP PARTICIPATION BASED ON STATE-LEVEL DATA

This appendix describes in detail the estimation of the regression models of FSP participation using state-level data.

DATA

The data set used in the regressions contains information on the number of FSP participants and five explanatory variables by state. It is organized as a combined time-series cross-section. The unit of observation is a fiscal-year quarter in a state. The data cover the period from FY82.3 to FY90.4 and all 50 states and the District of Columbia.

VARIABLES

The dependent variable in our regression models is the average monthly number of FSP recipients in the quarter in the state. We include five explanatory variables: (1) the average monthly number of unemployed persons,¹ (2) the average monthly number of persons participating in either the AFDC or the AFDC-UP programs,² (3) the annual number of Medicaid recipients,³ (4) the average monthly number of WIC recipients,⁴ and (5) the cumulative number of LAWS and SAWS who were granted resident status.⁵ To control for seasonal variation in FSP participation, we also include three dummy variables for the second, third, and fourth quarters of the fiscal year. We experimented with including other variables, such as the ratio of employment in service industries to

¹Bureau of Labor Statistics, *Employment and Earnings*, various issues.

² Provided by the Family Support Administration, Office of Family Assistance.

³Provided by the Health Care Financing Administration. The figures for FY90 are projections of the number of Medicaid recipients.

⁴Provided by the Food and Nutrition Service.

⁵ Provided by the U.S. Immigration and Naturalization Service, Office of Refugee Resettlement.

total employment, but found that these variables were either not significant or entered the model with a coefficient that had the "wrong" sign.

In earlier work, Corson and McConnell (1990) included in their model of FSP participation the number of Medicaid recipients who were categorically needy but did not receive cash assistance. This group of Medicaid recipients was thought to include the beneficiaries of the expansions in Medicaid eligibility to some pregnant women and children. Upon further investigation, we found that some states classify pregnant women and children who are newly eligible for Medicaid, not as categorically needy, but as medically needy. To avoid excluding these individuals from our measure of Medicaid recipients, we expanded the measure to include all Medicaid recipients--both categorically needy and medically needy.

All the variables in the model, with the exception of the number of Medicaid recipients, are lagged in the regression model because we expect to see a lag in the increase in FSP participation following a change in the explanatory variable. For example, if a person becomes unemployed, it may take a couple of months before his or her assets are low enough to qualify him or her for the FSP. The number of unemployed, the number of AFDC recipients,⁶ and the number of WIC recipients are all lagged one quarter. The number of LAWS and SAWS is lagged two quarters, because we believe that immigrants are less well informed about the FSP and consequently, it takes longer for eligible immigrants to enter the FSP. Because the number of Medicaid recipients is known only annually, we do not lag this variable.

ESTIMATION ISSUES

We estimate the following model using ordinary least squares:

⁶Corson and McConnell (1990) did not lag the number of AFDC recipients because the AFDC and Food Stamp programs have joint application forms. However, lagging the number of AFDC recipients reduces the problem of simultaneity bias. The coefficient estimates on the number of AFDC recipients and the number of AFDC recipients lagged one quarter are similar.

$$P_{it} = a_i + B X_{it} + e_{it},$$

where P_{it} is the number of FSP participants in state i at time t , X_{it} is a vector of explanatory variables, B is a vector of the coefficients of the explanatory variables, and e_{it} is an error. To control for differences in the level of FSP participation across states that do not vary over the time period, we include a dummy, a_i , for each state.

Table A.1 presents estimates of three variants of the regression model. Column 1 presents the results of a regression in which all five explanatory variables are included. We know of no major change in the AFDC program that could account for the large effect of an increase in AFDC participation on FSP participation (an additional AFDC recipient is estimated to result in 1.14 additional FSP recipients). Thus it is likely that the number of AFDC recipients is acting as a proxy for one or more omitted variables. To check the robustness of our estimates, we exclude the number of AFDC recipients from the regression and present the results in column 2. In column 3, we show the results of estimating the regression model when we exclude the number of WIC recipients from the model.

RESULTS

The estimates of the coefficients in the regression model are not robust to changes in the specification of the model. We outlined a number of possible reasons for this lack of robustness in Chapter I. Hence, we have a range of estimates of the impact of each variable on FSP participation. The estimates are especially sensitive to the inclusion or exclusion of the AFDC variable. For example, the estimate of the impact on FSP participation of an increase in the number of WIC recipients changes signs when the AFDC variable is excluded from the model. In the absence of information on the explanatory variables that are not included in the model, econometric theory

TABLE A.1
DETERMINANTS OF FOOD STAMP PROGRAM PARTICIPATION:
STATE-LEVEL DATA

| Explanatory Variable | 1 | 2 | 3 | 4 Average |
|--|-----------------------------|----------------|----------------|--------------|
| Number of Unemployed ^b | 0.49 (0.02) ^a | 0.67 (0.02) | 0.53 (0.02) | 0.56 |
| Number of AFDC recipients ^b | 1.15 (0.04) | - | 1.13 (0.04) | 1.14 |
| Number of Medicaid recipients ^c | 0.04 (0.02) | 0.24 (0.02) | 0.01 (0.02) | 0.10 |
| Number of WIC recipients ^b | -0.26 (0.08) | 0.10 (0.10) | - | -0.08 |
| Number of LAWS and SAWS ^d | 0.17 (0.02) | 0.29 (0.02) | 0.14 (0.01) | 0.20 |
| R-squared | 0.99 | 0.99 | 0.99 | |

NOTE: The dependent variable is the average monthly number of food stamp recipients in the state. All models are estimated over the period FY82.3 to FY90.4. All variables, except the number of Medicaid recipients, are measured quarterly by state. All models include a dummy for each state and a dummy for each fiscal year quarter.

^aStandard errors are in parentheses

^bLagged one quarter

^cAnnual figures

^dLagged two quarters

provides no guidance regarding whether a proxy--the AFDC variable--for these omitted variables should be included or excluded from the model.

In the simulation exercises, we use the average of the estimates in columns 1 to 3 of Table A.1. These averages are shown in column 4. Our average estimates predict that:

- An increase in unemployment of 100 persons increases FSP participation by 56 persons
- An increase in the number of Medicaid recipients of 100 increases FSP participation by 10 persons
- An increase in AFDC participation of 100 persons increases FSP participation by 114 persons
- An increase in the number of WIC recipients of 100 decreases FSP participation by 8 persons. We know of no reason why this would be the case. Hence, it is more likely that the WIC variable is correlated with an omitted variable.
- An increase in the number of legalized immigrants in the LAWS or SAWS programs of 100 persons increases FSP participation by 20 persons

APPENDIX B

**DETAILS OF THE SURVEY OF THE ADMINISTRATORS OF THE FOOD STAMP
PROGRAM AND OTHER ASSISTANCE PROGRAMS**

This appendix provides details of the survey of administrators of the FSP and other assistance programs. It also provides copies of the protocols used in the interviews.

MPR conducted the survey by telephone in September and October 1990. In many cases, we spoke directly with the directors of the programs at the state and county level. In other cases, the directors referred us to deputies or to officials in the evaluation division of the program offices.

In the interviews, we stressed that we were interested in the increase in FSP participation that occurred between FY89.2 and FY90.2, and not in the more recent increase in FSP participation that occurred at the end of FY90. However, we are aware that some respondents may have placed more emphasis on the causes of the more recent increase in FSP than on the causes of the earlier increase.

We completed between four and eight interviews for each state. In 8 of the 15 states, we interviewed a state administrator of the Food Stamp, AFDC, WIC, and Medicaid programs,¹ at least two county FSP administrators, and at least one representative of an advocacy group for low-income persons. In three states, we were unable to obtain the names of county FSP administrators from the state FSP director. In Massachusetts, the FSP is administered completely at the state level, and thus there are no county FSP administrators. In a few states, we were unable to contact the state administrators of each of the four assistance programs.

We did not rigidly adhere to the survey protocols, but rather used them to guide the interview. This allowed administrators to speak more freely about their views on the causes of the increase in FSP participation.

¹In states in which program administration is integrated, we combined more than one protocol in our interviews with state program administrators.

INTERVIEW PROTOCOL FOR DIRECTOR OF STATE FOOD STAMP PROGRAM
(for state in which the food stamp caseload has increased significantly)

(Briefly describe the study and the objectives of this interview.)

Your monthly reports to FNS on program operations show that the number of persons receiving food stamps has increased by % between early 1989 and early 1990. I would like to ask you some questions about that increase.

1. Is the increase in the caseload a development that you have been monitoring?

(If "yes," then ask the following:)

- a. When did you begin monitoring it?
- b. Have you or your staff conducted any research on the caseload increase? Could you provide us with a copy of any memos or reports on that research? (Ask about number of applications denied and approved, certifications, cases closed, and characteristics of new applicants)

(if "no," then say:)

Nevertheless, we are interested in your perceptions of the caseload increase, and would like to ask you some questions about it.

2. Is the increase in the caseload primarily due to an increase in new certifications or to longer spells of recipiency?
3. Are the characteristics of new applicants and their households different now than they were before the caseload began to rapidly increase? How do the characteristics differ? We are interested in household composition (single parent, working parent(s), elderly) as well as other characteristics of new applicants that may have changed.
4. Is the increase in the caseload uniformly distributed across the state or is it concentrated in certain regions or counties?

(If "concentrated" ask the following:)

- a. What are those regions/counties? Can you give us the names of 2 or 3 people to contact in these areas (ask for telephone numbers)? (mention that counties in which participation has increased greatly in the past 18 months while historically being rather steady are of particular importance)

- b. Do the same factors appear to be contributing to the increase in all of those regions/counties, or do the factors vary?
- c. What are those factors?

(If "uniform," ask the following:)

- e. What factors appear to be contributing to the increase in the caseload?

(For both "concentrated" and "uniform," probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the increase, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- plant closings, layoffs, or rising unemployment
- rising prices of food, rent, or other necessities
- bad weather or other natural disasters
- migrant workers or immigrants (including children of immigrants)
- growth of other assistance programs, such as AFDC (including AFDC-UP), Medicaid, and WIC
- referral efforts by other assistance programs to the FSP
- substance abuse/dysfunctional families
- homelessness
- attitudes towards food stamp receipt

5. Have there been any changes in food stamp program operations that might explain part of the increase in the caseload, such as the following:
 - outreach efforts (what are the target groups?)
 - changes in certification periods
 - increases in allotment levels and allowable deductions
 - procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
 - other service improvements
6. Have any advocacy groups in your state been studying this change in participation? Are any advocacy groups performing their own outreach efforts? What population groups are the targets of those efforts? Can you give us the names and telephone numbers of contact persons in these groups?

7. We need monthly program operations reports, by program area, for the most recent month and for January, April, July, and October of 1988, 1989, and 1990. Will you be able to provide these data. Who can we call if we have questions regarding the data you are sending us? (if they hesitate with the data request ask for someone to contact directly.)
8. Do we have your permission to conduct interviews similar to this one with the county FSP directors whose names you gave us earlier?

INTERVIEW PROTOCOL FOR DIRECTOR OF STATE FOOD STAMP PROGRAM
(for state in which the food stamp caseload has decreased significantly)

(Briefly describe the study and the objectives of this interview.)
(highlight increase in other states and our interest in (state's) decrease)

Your monthly reports to FNS on program operations show that the number of persons receiving food stamps has decreased by % between early 1989 and early 1990. I would like to ask you some questions about that decrease.

1. Is the decrease in the caseload a development that you have been monitoring?

(If "yes," then ask the following:)

- a. When did you begin monitoring it?
- b. Have you or your staff conducted any research on the caseload decrease? Could you provide us with a copy of any memos or reports on that research? (Ask about number of applications denied and approved, certifications, cases closed, and characteristics of new applicants)

(if "no," then say:)

Nevertheless, we are interested in your perceptions of this caseload decrease, and would like to ask you some questions about it.

2. Is the decrease in the caseload primarily due to a decline in new certifications or to shorter spells of recipiency?
3. Are the characteristics of new applicants and their households different now than they were before the caseload began to decrease? How do the characteristics differ? We are interested in household composition (single parent, working parent(s), elderly) as well as other characteristics of new applicants that may have changed.
4. Is the decrease in the caseload uniformly distributed across the state or is it concentrated in certain regions or counties?

(If "concentrated" ask the following:)

- a. What are those regions/counties? Can you give us the names of 2 or 3 people to contact in these areas (ask for telephone numbers)? (mention that counties in which participation has decreased greatly in the past 18 months while historically being rather steady are of particular importance)

- c. Do the same factors appear to be contributing to the decrease in all of those regions/counties, or do the factors vary?
- d. What are those factors?

(If "uniform," ask the following:)

- e. What factors appear to be contributing to the decrease in the caseload?

(For both "concentrated" and "uniform," probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the decrease, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- stronger economy (lower unemployment)
- rising wages compared to prices of food, rent, or other necessities
- good weather/high crop yields
- attitudes towards food stamp receipt

- 5. Are there factors which have changed over the past few years in (state) which may have partially offset the decrease in participation? Such as:

FSP Operations

- outreach efforts (what are the target groups?)
- change in the certification period
- procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
- other service improvements

Other Factors

(first four based on responses from question 4)

- weaker economy (higher unemployment)
- rising prices of food, rent, or other necessities
- bad weather/poor crop yields
- attitudes towards food stamp receipt
- migrant workers or immigrants (including children of immigrants)
- growth of other assistance programs, such as AFDC (including AFDC-UP), Medicaid, and WIC

- referral efforts by other assistance programs to the FSP
- substance abuse/dysfunctional families
- homelessness

Do you have a sense of the impact of these factors?

6. Have any advocacy groups in your state been studying this change in participation? Are any advocacy groups performing their own outreach efforts? What population groups are the targets of those efforts? Can you give us the names and telephone numbers of contact persons in these groups?
7. We need monthly program operations reports, by program area, for the most recent month and for January, April, July, and October of 1988, 1989, and 1990. Will you be able to provide these data. Who can we call if we have questions regarding the data you are sending us? (if they hesitate with the data request ask for someone to contact directly.)
8. Do we have your permission to conduct interviews similar to this one with the county FSP directors whose names you gave us earlier?

INTERVIEW PROTOCOL FOR DIRECTOR OF COUNTY FOOD STAMP OFFICE
(for county in which food stamp caseload has increased significantly)

(Briefly describe the study and the objectives of this interview.)

The state food stamp office told me that the food stamp caseload in your county has increased substantially in the past year. I would like to ask you some questions about that increase.

1. When did your caseload begin to increase sharply? Do you routinely experience large fluctuations in your caseload? Is the recent increase different from past increases?
2. Has the caseload increased steadily since that time or have there been periods of substantially less rapid growth?
3. How does the current size of your caseload compare with that of a year ago?
4. How would you compare the current (i.e., the last month or two) growth of the caseload with the growth that you experienced in the last year?
5. What factors appear to be contributing to the current growth in the caseload?

(Probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the current increase, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- plant closings, layoffs, or rising unemployment
- rising prices of food, rent, or other necessities
- bad weather or other natural disasters
- migrant workers or immigrants (including children of immigrants)
- growth of other assistance programs, such as AFDC (including AFDC-UP), Medicaid, and WIC
- referral efforts by other assistance programs to the FSP
- substance abuse/dysfunctional families
- homelessness
- attitudes towards food stamp receipt

6. Have there been any changes in food stamp program operations that might explain part of the increase in the caseload, such as the following:
 - outreach efforts (what are the target groups?)
 - change in certification period
 - increases in allotment levels and allowable deductions
 - procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
 - procedures to screen for ineligible cases (focused on particular characteristics?)
 - other service improvements (caseload per eligibility worker)
7. Is the increase in the caseload primarily due to new certifications or to longer spells of recipiency?
- 8a. Are the characteristics of new applicants different now than they were before the caseload began to rapidly increase? How do the characteristics differ--particularly with respect to household composition?
- 8b. Have new applicants recently become eligible for food stamps, due to economic or other factors, or have they been eligible for longer, choosing only recently to apply?
9. Are the circumstances that are causing households to apply for food stamps now any different from those that caused households to apply prior to the upswing in the caseload? What are those differences?
10. Is it your perception that households are finding it more difficult to leave the program than was the case before the upswing in the caseload? Why do you think that is?
11. Have you increased your staff, adjusted work assignments, or made other changes in the way your office operates in order to handle the larger caseload? Please explain the changes.
12. Do you expect the current trend in your caseload to continue over the next year or to change in some way? Explain.

13. Have any advocacy groups in your county been studying this change in participation? Are any advocacy groups performing their own outreach efforts? What population groups are the targets of those efforts? Can you give us the names and telephone numbers of contact persons in these groups?

INTERVIEW PROTOCOL FOR DIRECTOR OF COUNTY FOOD STAMP OFFICE
(for county in which food stamp caseload has decreased)

(Briefly describe the study and the objectives of this interview. Highlight the increase in other states/counties and our interest the decrease in this county.)

The state food stamp office told me that the food stamp caseload in your county has decreased in the past year. I would like to ask you some questions about that decrease.

1. When did your caseload begin to decrease? Do you routinely experience large fluctuations in your caseload? Is the recent decrease different from past decreases?
2. Has the caseload decreased steadily since that time or have there been periods of substantially less rapid decline?
3. How does the current size of your caseload compare with that of a year ago?
4. How would you compare the current (i.e., the last month or two) decline of the caseload with the decline that you experienced in the last year?
5. What factors appear to be contributing to the current decline in the caseload?

(Probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the current decrease, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- stronger economy (lower unemployment)
- rising wages compared to prices of food, rent, or other necessities
- good weather/high crop yields
- attitudes towards food stamp receipt

6. Are there any factors which have changes over the past few years in (county) that have partially offset the decrease in participation? Such as:

FSP Operations

- outreach efforts (what are the target groups?)
- change in the certification period

- procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
- procedures to screen for ineligible cases (focused on particular characteristics?)
- other service improvements (caseload per eligibility worker)

Other Factors

(first four based on responses from question 5)

- weaker economy (higher unemployment)
- rising prices of food, rent, or other necessities
- bad weather/poor crop yields
- attitudes towards food stamp receipt
- migrant workers or immigrants (including children of immigrants)
- growth of other assistance programs, such as AFDC (including AFDC-UP), Medicaid, and WIC
- referral efforts to other assistance programs by the FSP
- decrease in substance abuse/dysfunctional families
- homelessness

Do you have a sense of the impact of these changes?

7. Is the decrease in the caseload primarily due to a decline in new certifications or to shorter spells of recipiency?
- 8a. Are the characteristics of new applicants different now than they were before the caseload began to decrease? How do the characteristics differ--particularly with respect to household composition?
- 8b. Have new applicants recently become eligible for food stamps, due to economic or other factors, or have they been eligible for longer, choosing only recently to apply?
9. Are the circumstances that are causing households to apply for food stamps now any different from those that caused households to apply prior to the downturn in the caseload? What are those differences?
10. Is it your perception that households are finding it easier to leave the program than was the case before the downturn in the caseload? Why do you think that is?

11. Have you decreased your staff, adjusted work assignments, or made other changes in the way your office operates due to the smaller caseload? Please explain the changes.
12. Do you expect the current trend in your caseload to continue over the next year or to change in some way? Explain.
13. Have any advocacy groups been studying this change in participation? Are any advocacy groups performing their own outreach efforts? (Who are the targets of these efforts?) Can you give us the names and telephone numbers of contact persons in these groups?

INTERVIEW PROTOCOL FOR DIRECTOR OF STATE MEDICAID PROGRAM

(Briefly describe the study and the objectives of this interview.)

I would like to ask you some questions about the number of Medicaid recipients you serve.

1. Has the number of Medicaid recipients in (state) increased or decreased substantially in the past 18 months?

-- Have you or your staff conducted any research on this increase/decrease? Could you provide us with a copy of any memos or reports on that research?

2. Has the distribution of recipients by eligibility category changed since the increase/decrease began? Have you seen changes in:

- The number of elderly beneficiaries as a result of the mandatory buy-in under the Medicare Catastrophic Coverage Act
- The number of pregnant women and children
- The working disabled
- Aliens (not a category, but may be informative)

3. Have there been any changes in Medicaid program operations that might explain part of the increase/decrease in the caseload, such as the following:

- eligibility requirements--income eligibility threshold for pregnant women (what have been the changes over the past three years?)
- change in AFDC payment standard
- establishment of a medically needy program
- procedures to facilitate access in either application or eligibility determination:
 - outreach efforts (what are the target groups?)
 - presumptive eligibility for pregnant women
 - outstationing eligibility workers at hospitals
 - shortened application form
 - other service improvements

(explore the impact of these changes)

- outreach efforts (what are the target groups?)
- presumptive eligibility for pregnant women
- outstationing eligibility workers at hospitals
- shortened application form
- other service improvements

4. Are there any other factors that you believe are contributing significantly to the increase/decrease, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- plant closings, layoffs, or rising unemployment
- rising prices of medical services or other necessities
- changing composition of families (more unmarried mothers)
- changes in the number of recently legalized aliens
- referral efforts by other assistance programs
- substance abuse/dysfunctional families

5. Do you think this change in your program has affected the food stamp program? How? Are your eligibility workers required or encouraged to inform recipients about the food stamp program?

6. We need the number of Medicaid eligible persons by county or program area. Also, dollar amount of benefits by county or program area. Data for the latest month available, and January, April, July, and October 1988, 1989, and 1990. If possible, broken down by characteristics.

INTERVIEW PROTOCOL FOR DIRECTOR OF STATE WIC PROGRAM

(Briefly describe the study and the objectives of this interview.)

Your monthly reports on program operations show that your WIC caseload has increased/decreased by ___% between early 1989 and early 1990. I would like to ask you some questions about that change.

1. Has this increase included an expansion of the number of priorities covered? Do you have a waiting list? Has the waiting lists for WIC participation increased across the state? How long is it? What is the lowest priority group you are accepting as new participants?
2. Have there been any changes in WIC program operations or other factors that might explain part of the increase in the caseload, such as the following:
 - when were infant formula rebates introduced
 - procedures to facilitate access in either application/certification or issuance:
 - outreach efforts (what are the target groups?)
 - other service improvements
 - increased funding available (state appropriations)
 - changing composition of families (more unmarried mothers)
 - plant closings, layoffs, or rising unemployment
 - rising prices of medical services, food, rent, or other necessities
 - referral efforts by other assistance programs
 - substance abuse/dysfunctional families
 - referrals from private physicians
3. Could you provide us with a copy of any memos or reports you have prepared discussing or describing the change in participation?
4. Do you think this change in your program has affected the food stamp program? How? Are your eligibility workers required or encouraged to inform recipients about the food stamp program?
5. We need monthly statistics on your caseload for each county or project area for the most recent month and for January, April, July, and October of 1988, 1989, and 1990. Will you be able to provide these data. Who can we call if we have

questions regarding the data you are sending us? (if they hesitate with the data request ask for someone to contact directly.)

INTERVIEW PROTOCOL FOR DIRECTOR OF STATE AFDC PROGRAM
(for state in which the food stamp caseload has increased significantly)

(Briefly describe the study and the objectives of this interview.)

Your monthly reports to HHS on program operations show that the number of persons receiving AFDC has increased by % between early 1989 and early 1990. I would like to ask you some questions about that increase.

1. Is the increase in the caseload a development that you have been monitoring?

(If "yes," then ask the following:)

- a. When did you begin monitoring it?
- b. Have you or your staff conducted any research on the caseload increase? Could you provide us with a copy of any memos or reports on that research? (Ask about number of applications denied and approved, certifications, cases closed, and characteristics of new applicants)

(if "no," then say:)

Nevertheless, we are interested in your perceptions of the caseload increase, and would like to ask you a few questions about it.

2. Is the increase in the caseload primarily due to an increase in new certifications or to longer spells of recipiency?
3. Are the characteristics of new applicants and their households different now than they were before the caseload began to rapidly increase? How do the characteristics differ? We are interested in household composition (single parent, working parent(s), elderly) as well as other characteristics of new applicants that may have changed.
4. Is the increase in the caseload uniformly distributed across the state or is it concentrated in certain regions or counties?

(If "concentrated" ask the following:)

- a. What are those regions/counties?
- b. Do the same factors appear to be contributing to the increase in all of those regions/counties, or do the factors vary?

c. What are those factors?

(If "uniform," ask the following:)

e. What factors appear to be contributing to the increase in the caseload?

(For both "concentrated" and "uniform," probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the increase, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- plant closings, layoffs, or rising unemployment
- rising prices of food, rent, or other necessities
- bad weather or other natural disasters
- migrant workers or immigrants (including children of immigrants)
- increases in benefits
- growth of other assistance programs, such as the Food Stamp Program, Medicaid, and WIC
- referral efforts by other assistance programs
- substance abuse/dysfunctional families
- homelessness
- attitudes towards receipt of welfare

5. Have there been any changes in AFDC program operations that might explain part of the increase in the caseload, such as the following:

- AFDC-UP, JOBS programs
- outreach efforts (what are the target groups?)
- procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
- other service improvements

6. Have any advocacy groups in your state been studying this change in participation? Are any advocacy groups performing their own outreach efforts? What population groups are the targets of those efforts? Can you give us the names and telephone numbers of contact persons in these groups?

7. Do you think this change in your program has affected the food stamp program? How? Are your eligibility workers required or encouraged to inform recipients about the food stamp program?

8. We need monthly program operations reports, by program area, for the most recent month and for January, April, July, and October of 1988, 1989, and 1990. Will you be able to provide these data. Who can we call if we have questions regarding the data you are sending us? (if they hesitate with the data request ask for someone to contact directly.)

INTERVIEW PROTOCOL FOR ADVOCACY GROUPS
(for state in which food stamp caseload has increased significantly)

(Briefly describe the study and the objectives of this interview.)

The state food stamp office told me that your group was knowledgeable about the increase in food stamp participation in (state). I would like to ask you some questions about the increase (state) has experienced over the past 18 months.

1. Has your group been monitoring the increase in food stamp participation?

(If "yes," then ask the following:)

- a. When did you begin monitoring it?
- b. Have you or your staff conducted any research on the increase? Could you provide us with a copy of any memos or reports on that research?

(if "no," then say:)

Nevertheless, we are interested in your perceptions of this increase, and would like to ask you some questions about it and about your group's activities.

2. Is the increase in the participation primarily due to an increase in new certifications or to longer spells of recipiency?
3. Are the characteristics of new applicants and their households different now than they were before the caseload began to rapidly increase? How do the characteristics differ? We are interested in household composition (single parent, working parent(s), elderly) as well as other characteristics of new applicants that may have changed.
4. Is the increase in the participation uniformly distributed across the state or is it concentrated in certain regions or counties?

(If "concentrated" ask the following:)

- a. What are those regions/counties?
- b. Do the same factors appear to be contributing to the increase in all of those regions/counties, or do the factors vary?
- c. What are those factors?

(If "uniform," ask the following:)

d. What factors appear to be contributing to the increase in the caseload?

(For both "concentrated" and "uniform," probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the increase, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- plant closings, layoffs, or rising unemployment
- rising prices of food, rent, or other necessities
- bad weather or other natural disasters
- migrant workers or immigrants (including children of immigrants)
- increases in allotment levels and allowable deductions
- growth of other assistance programs, such as AFDC (including AFDC-UP), Medicaid, and WIC
- referral efforts by other assistance programs to the FSP
- substance abuse/dysfunctional families
- homelessness
- attitudes towards food stamp receipt

5. Have there been any changes in food stamp program operations that might explain part of the increase in the caseload, such as the following:

- outreach efforts (what are the target groups?)
- changes in certification periods
- procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
- other service improvements

6. Is your group conducting any outreach efforts? (Who are the targets of these efforts?) Have these efforts been successful in referring eligible persons to the Food Stamp Program and other assistance programs?

7. How have state and county Food Stamp Program officials reacted to your efforts?

8. Are there other groups in this state that work with food stamp recipients or that monitor the Food Stamp Program? Can you give us the names and telephone numbers of contact persons in these groups?

INTERVIEW PROTOCOL FOR ADVOCACY GROUPS
(for state in which food stamp caseload has decreased significantly)

(Briefly describe the study and the objectives of this interview.)

The state food stamp office told me that your group was knowledgeable about the decrease in food stamp participation in (state). I would like to ask you some questions about the decrease (state) has experienced over the past 18 months.

1. Has your group been monitoring the decrease in food stamp participation?

(If "yes," then ask the following:)

- a. When did you begin monitoring it?
- b. Have you or your staff conducted any research on the decrease? Could you provide us with a copy of any memos or reports on that research?

(if "no," then say:)

Nevertheless, we are interested in your perceptions of this decrease, and would like to ask you some questions about it and about your group's activities.

2. Is the decrease in the participation primarily due to an decrease in new certifications or to shorter spells of recipiency?
3. Are the characteristics of new applicants and their households different now than they were before the caseload began to decrease? How do the characteristics differ? We are interested in household composition (single parent, working parent(s), elderly) as well as other characteristics of new applicants that may have changed.
4. Is the decrease in the participation uniformly distributed across the state or is it concentrated in certain regions or counties?

(If "concentrated" ask the following:)

- a. What are those regions/counties?
- b. Do the same factors appear to be contributing to the decrease in all of those regions/counties, or do the factors vary?
- c. What are those factors?

(If "uniform," ask the following:)

d. What factors appear to be contributing to the decrease in the caseload?

(For both "concentrated" and "uniform," probe for additional factors:)

Are there any other factors that you believe are contributing significantly to the decrease, such as:

(Read only items not mentioned, ask for an explanation of each positive response.)

- stronger economy (lower unemployment)
- rising wages compared to prices of food, rent, or other necessities
- good weather/high crop yields
- attitudes towards food stamp receipt

5. Are there factors which have changed over the past few years in (state) which may have partially offset the decrease in participation? Such as:

FSP Operations

- outreach efforts (what are the target groups?)
- change in the certification period
- procedures to facilitate access in either application/certification or issuance (e.g. expedited service, longer office hours, more caseworkers)
- other service improvements

Other Factors

(first four based on responses from question 4)

- weaker economy (higher unemployment)
- rising prices of food, rent, or other necessities
- bad weather/poor crop yields
- attitudes towards food stamp receipt
- migrant workers or immigrants (including children of immigrants)
- growth of other assistance programs, such as AFDC (including AFDC-UP), Medicaid, and WIC
- referral efforts by other assistance programs to the FSP
- substance abuse/dysfunctional families
- homelessness

Do you have a sense of the impact of these factors?

6. Is your group conducting any outreach efforts? What population groups are the targets of those efforts? Have these efforts been successful in referring eligible persons to the Food Stamp Program and other assistance programs?
7. How have state and county Food Stamp Program officials reacted to your efforts?
8. Are there other groups in this state that work with food stamp recipients or that monitor the Food Stamp Program? Can you give us the names and telephone numbers of contact persons in these groups?

APPENDIX C

**THE CHANGE IN THE NUMBER OF FSP PARTICIPANTS BY STATE
BETWEEN FY90.2 AND FY91.2**

TABLE C.1
THE CHANGE IN THE NUMBER OF FSP PARTICIPANTS BY STATE
BETWEEN FY90.2 AND FY91.2

| State | Absolute Change | Percent Change | State | Absolute Change | Percent Change |
|----------------|-----------------|----------------|---------------|-----------------|----------------|
| Texas | 225,653 | 12.0% | Mississippi | 24,160 | 4.8% |
| Florida | 208,328 | 27.0% | Colorado | 22,261 | 10.0% |
| New York | 160,921 | 10.5% | Alabama | 21,393 | 4.7% |
| Ohio | 107,590 | 10.2% | New Mexico | 18,730 | 11.9% |
| Pennsylvania | 106,430 | 11.2% | West Virginia | 17,666 | 6.7% |
| Georgia | 103,225 | 19.3% | New Hampshire | 17,363 | 58.4% |
| California | 100,000 | 5.3% | Kansas | 15,365 | 10.7% |
| North Carolina | 98,907 | 23.5% | Rhode Island | 15,339 | 24.2% |
| Illinois | 90,665 | 9.1% | Louisiana | 15,106 | 2.1% |
| Tennessee | 83,058 | 15.7% | Minnesota | 14,375 | 5.4% |
| Arizona | 77,053 | 25.3% | Nevada | 11,956 | 23.8% |
| New Jersey | 69,238 | 18.4% | Utah | 11,559 | 11.7% |
| Michigan | 68,546 | 7.5% | Iowa | 10,338 | 6.0% |
| South Carolina | 66,556 | 25.0% | Alaska | 10,232 | 48.8% |
| Missouri | 59,385 | 13.7% | D.C. | 9,603 | 15.6% |
| Indiana | 56,566 | 17.8% | Vermont | 9,099 | 23.3% |
| Virginia | 55,770 | 16.3% | Delaware | 7,487 | 22.4% |
| Massachusetts | 49,180 | 14.3% | Idaho | 7,235 | 11.7% |
| Kentucky | 43,515 | 9.4% | Wisconsin | 6,852 | 2.4% |
| Washington | 43,147 | 12.6% | Hawaii | 6,828 | 9.0% |
| Maryland | 41,170 | 16.5% | Nebraska | 4,761 | 5.0% |
| Connecticut | 30,669 | 22.9% | Montana | 4,610 | 8.0% |
| Oklahoma | 28,112 | 10.4% | Wyoming | 2,527 | 8.8% |
| Arkansas | 24,842 | 10.4% | South Dakota | 2,400 | 4.6% |
| Oregon | 24,701 | 11.1% | North Dakota | 1,145 | 2.8% |
| Maine | 24,183 | 25.8% | | | |
| | | | Total | 2,335,800 | 11.7% |

SOURCE: USDA, Food and Nutrition Service

NOTE: The March 1991 figures for FSP participation by state were not available at publication of this report. We used FSP participation figures for February 1990 and February 1991 as the average monthly participation level in FY90.2 and FY91.2, respectively.